195 /-52 **File No.** LBB.1151

B CLASS K W **DEPARTMENT**

K **BRANCH**

Subject:— Electric Lighting

Belgaum

Accounts for

1952-53

B [K] 1952

File No. LBB1151-K

Ltd, Scott. Slip. 24 A.

593—4,60,000—7-60—K2*
(G. R., 3. D., No 2104, da el 22-6-23.]

DOCKET SHEET

Subject:—

File No. LBB 1151

P.W. DEPT.

K BRANCH.

References:— Old No. 960/48

Date.	To whom sent	Notes and instructions.
14/9/51	S.S.	Pl. issue u.o. to Sel. Engrs.

~~57~~ 1

LBB 11151.
75687

P.W.D

K.Br.

Submitted.

Rs 15-53 cls

2. The Statements of accounts of the Bdgaum Elly Undertaking for the year ended the 31-3-50, together with the audit report thereon may in the first instance be sent up to the Chief Engr. for information and remarks if any

Rs 1-13 cls

GOVERNMENT
9561
1599
DA 123
BAY

12/9/51.

U.O. No. 75 El. Engr. No. Govt. dt. 14th Sept. 1951

3

Below U.O.R.No.LBB.1151/75687 dated the 14th September 1951, from Government in the Public Works Department.

No.LA.12/ 1265 of 1952.

Bombay, 1. 28th JANUARY 1952.

Returned with compliments.

2. The extract of paras referred to in para 2 of the Accountant General's letter may be forwarded to the Company for information and necessary action. As regards para 10 (b) (iii) the Company may be asked to furnish the details of the item 'Miscellaneous plant and Machinery' to verify if the assets, in question, fall under one of t categories specified in the table appended to the seventh schedule.

In view of the remark of the Accountant General, Bombay in par *(1) of the audit report, the Company may be asked to revise its r r supply of energy, without any further delay.

Electrical Engineer to

L.M.

3

p 1

Below U.O.R.No.LBB.1151/75687 dated the 14th September 1951, from Government in the Public Works Department.

No.LA.12/ 1265 of 1952.

Bombay, 1. 28th JANUARY 1952.

Returned with compliments.

2. The extract of paras referred to in para 2 of the Accountant General's letter may be forwarded to the Company for information and necessary action. As regards para 10 (b) (iii) the Company may be asked to furnish the details of the item 'Miscellaneous plant and Machinery' to verify if the assets, in question, fall under one of the categories specified in the table appended to the seventh schedule.

In view of the remark of the Accountant General, Bombay in para (1) of the audit report, the Company may be asked to revise its rate of supply of energy, without any further delay.

Electrical Engineer to Govt

LBB 1151
– 8440.

KBr. PWD.

In view of the SE Sngs's remarks overleaf the draft- put up may issue if appd.

15/12/52

Sd/- 16/12/52

AB.

K28/1

P. W. D.
File No. L B B 1151
Serial No. 8440

Shm Advt 28/11/52

7 5 1 S

5

LBB 1151/31034.

PWD.

/C Bx.

Submitted with refce. to G.L.

No. LBB 1151K, dt the 16.2.52. HP 57-58 c/s

2. The Supply Coy's reply to the HP 57-58 c/s above G.L. may be shown to the A.G., Bbay & the EC. Engs. to Govt. for information & remarks if any.

ACCOUNTANT'S OFFICE 5/4/52.
12 APR. 1952
BOMBAY

SAO
8/4/52

AA: to the A.G., Bombay
EE. to Govt. dt the 9-4-52

Issue no. (8-5-52)

8/4

Li 198 000
199

O.A.D.,A.G's office, Bombay

Passed on with compliments to the Electrical Engineer to the Government.

The following remarks are offered on the Co's replies to audit report for 49-50.

Para 4(i):- It has been verified that the expenses pertaining to hiring Installation are not debited to the Undertaking's account.

Premium on shares:- Premium on shares represent capital receipt which are included to the issue of share capital. Just as share capital is shown on the credit side of the capital account it is necessary to show the premium of shares in the capital account. This office is aware that premium on shares is not a liability of the company or license. The question involved is one of exhibition of a particular item in the accounts and the Company references are irrelevant to the issue. The Co. may therefore be asked to show the premium on shares in the capital account till the amending bill referred to by the Co. in reply to this para comes into force.

Para 5(ii):- The items of expenses referred to in this para are mostly management and general establishment charges and as such these items should have been shown under 'E' Management Expenses'. It may also be stated that there is no provision under 'B Distribution' to show these charges. The company's action in opening a new sub-head 'Expenses pertaining to the sale of energy' without Govt.'s approval is irregular. The Company may therefore be asked to show these items under 'E Management' and also to treat it as Management vide para XVII (2)(b)(ix) of sixth schedule for purpose of operating expenditu clear profit etc.

Para 7(b):- The Company has not replied to this para. The Company may be asked to take necessary action in the matter.

Para 8(b)(i):- The position explained by the Co.will be examined at the next audit.

Para 9(a)& 14:- A copy of Annexures I to V (attached herewith) which show the details of calculations of this office and paras 8(a)& 9(a)& 11(i)(ii) may be forwarded to the Co.for its guidance. The company may be asked to recover the excess amount the Managing Agents and provide for reserves mentioned in para

Para 10(a):- The Company has adjusted the balance of Rs.4524 in the accounts for 50-51.

Para 10(b)(i):- The Company states that formerly depreciation fund was credited to meet general contingencies and amounts wer contributed from year to year as profits permitted. Whatever may have the been the procedure followed in the previous years the depreciation fund has to be regulated with reference to the Electricity(Supply)Act 1948. Para VI(1) of the Sixth Schedule clearly states that depreciation should be charged after taking into account the depreciation already provided in the books. It is therefore clear that the amount already built up in the Depreciation Fund account is not to be transferred but should be taken into account in arriving at the depreciation to be provided in future years. The Company may therefore be instructed to credit to the Depreciation fund account the amoun of Rs.20333 which it had transferred to Reserve Fund.

Para 10(a)(ii)&(iii):- The reply will be verified at the time of next audit.

Para 10(b)(iii):- As already stated in the report the Electrical Engineer is requested to take further action in the matter.

Para 10(b)(iv):- Company's action in the matter is awaited.

Para 10(b)(v):- Company's action will be seen at next audit.

Para 11(ii)(iv):- Company's action will be seen at next audit.

Para 15(b):- Company's action in the matter is awaited.

8

Para 19(i):- The Company has not taken any action to reduce the rates. The Company may be asked to take necessary action in the matter without delay.

Para 19(ii):- The Electrical Engineer is requested to state whether it is necessary for the Company to have stores of such a huge value.

The Company has however not replied to sub-para 2. The Company may be asked to show items of stores pertaining to ~~...~~ activities other than electricity business separately in the accounts.

B. V. R

Asstt.Exmr.O.A.D.

UOR to the Electrical Engineer to the Govt.of Bombay, Bombay

No.O.A/1910 14-5-52

ELECTRICAL ENGINEER TO GOVERNMENT
Inward No. 3462
Date 16-5-1952
File No. LA 12
P. W. D., BOMBAY

Belgaum Electric Co. Ltd 1949-5 9

ANNEXURE

a) Statement showing the calculation of the Ordinary Remuneration of Managing Agents.

(Para XIII (1) of the Sixth Schedule to the Electricity (Supply) Act, 1948).

et Profits as per Section 87(c)(3) of the Indian Companies Act 1913 (VII of 1913).

	Total Rs.	
ncome from all sources.		4,11,648
ess		
(a) Working expenses.	2,69,013	
(b) Interest on loans & advances.	631	
(c) Repairs and outgoings.	510	
(d) Depreciation.	20,000	
(e) Bounties & subsidies received from Govt. or from public bod		
(f) Premium on shares sold.		
(g) Profits on sale proceeds of		
(h) Profits from the sale of the whole or part of the undertaking		
	3,28154	
(-) ..... B.	8339	
Net Profits (A - B)		

aximum limit for ordinary Remuneration of Managing Agents:-

	Amount of net Profit Rs.	Amount of Remuneration.	Total.
)Upto first Rs.5/-lakhs of "Net Profits" @ 10 %.	8,394	8,339	
(b) On "Net Profits" in excess of Rs.5/-lakhs @ 7 %.			

Minimum amount of ordinary remuneration as per para XIII(2) of the sixth schedule.

Salaries	1,01,662	Amount of paid up share and Debenture Capital.	Amount of neration per annu each com thousand paid up debentures Rs.
Trading	1,88,378		
Office All	14,794		
	3,04,334		
Directors fees	400		
	3,02,734		
Gen Sec Dep. 211	35,721		
35510			
Rains	3,69,013		
Separately	Minimum amount payable.		

N.B.* For the purpose of computing the minimum amount, should the share and debenture capital be less than Rupees five lakhs, it shall be taken as rupees five lakhs and should the said Capital be greater than rupees one crore it shall be taken as rupees one crore.

Belgaum Electric Co. Ltd 1949-50. 9

ANNEXURE I

(a) Statement showing the calculation of the ordinary Remuneration of Managing Agents.

(Para XIII (1) of the Sixth Schedule to the Electricity (S[illegible] Act, 1948):

Net Profits as per Section 87(c)(3) of the Indian ~~Xxxxxxxx~~ Companies Act 1913 (VII of 1918).

	Total Rs.
Income from all sources.	4,11,648
Less	
(a) Working expenses.	9,690
(b) Interest on loans & advances.	3,631
(c) Repairs and outgoings.	35,510
(d) Depreciation	20,000
(e) Bounties & subsidies received from Govt. or from public body.	
(f) Premium on shares sold.	
(g) Profits on sale proceeds of forfeited shares.	
(h) Profits from the sale of the whole or part of the undertaking.	
(i) ..... B	3,28154
Net Profits (A - B)	83394

Maximum limit for ordinary Remuneration of Managing Agents:-

	Amount of net Profit. Rs.	Amount of Remuneration. Rs.	Total.
i) Upto first Rs.5/-lakhs of "Net Profits" @ 10 %.	83,394	8,339	
ii) On "Net Profits" in excess of Rs.5/-lakhs @ 7 %.			

Minimum amount of ordinary remuneration as per para XIII(2) of the Sixth schedule.

		Amount of paid up share and Debenture Capital.* Rs.	Amount of neration per annu each com thousand paid up debentures Rs.
Generating	1,01,662		
Generating	1,88,378		
Office All	14,794		
	3,04,834		
Directors fees	400		
	3,05,234		
Int on Sec Dep. 2111	35,721		
Repairs 35510			
Minimum amount payable.	2,69,013		

N.B.* For purposes of computing the minimum payment, should the share and the stud capital be less than Rupees five lakhs it shall be taken as rupees five lakhs and should the said capital be greater than rupees one crore, it shall be taken as rupees one crore.

	Rs.
Amount of ordinary remuneration including purchasing commission actually paid.	8,165 (M)

(b) Statement showing the calculation of office allowance of Managing Agents.

Maximum limit for office Allowance.

(1)(a)*	Operating expenditure =	First Rs. 1 lakh @ 8%	1,00,000	8,000.
(b)	-do-	Next Rs.2 lakhs @ 5%	2,75,8	58
(c)	-do-	" Rs.7 lakhs @2½ %		
(d)	-do-	in excess of Rs.10 " @1½ %		
		Total.		8,058.
(2)	Capital expenditure incurred during the year			4,000
	-do-	First Rs.1 lakh @ 4 %	1,00,000	
	-do-	Next Rs.2 lakhs@ 3 %	91,216.	2,736.
	-do-	" "7 " @1½ %		
	-do-	in excess of Rs.10 lakhs @ 1 %		
		Total		14,794.
Amount of office allowance actually paid.				15,115 (N)

N.B. The Office allowance is inclusive of salaries and wages of persons employed in the office of the Managing Agentx but not the salaries of the engineering staff employed for purposes of the undertaking.

Operating Expenditure -	Total Rs.
Expenditure incurred on	
(1) distribution and sale of energy.	32,374
(2) rents, rates and taxes, other than taxes on income and profits.	1,815.
(3) interest on Security Deposits.	211
(4) legal charges.	101.
(5) bad xxxxxx debts,	—
(6) auditors' fees.	1,741.
(7) Other expenses admissible under the law for the time being in force in the assessment of Indian Income Tax and arising from and ordinary or incidental to the business of Electricity Supply	64,920
(8) contributions to Provident Fund, staff pension gratuity and apprentice and other training schemes.	
	1,01,162

Total of ordinary remuneration and office allowance of Managing Agents = (M) + (N) ....

ANNEXURE II.

Statement showing the calculation of 'Capital Base' (para XVII(i) of the Sixth Schedule to the Electricity(Supply) Act, 1948)

	Rs.	Total Rs.
(a) Original cost of fixed assets other than service lines.	Proforma detail...	9,29,965
(b) Net cost of service lines (Total cost less receipts from consumers - vide para XII of the Sixth Schedule)	1,44,335 12,297	1,32,038
(c) Cost of Intangible Assets.		- Nil
(d) Original cost of works in progress		
(e) Investments from contributions to the contingencies Reserve		
(f) Investments from contributions to the Depreciation Reserve (not invested in the business)		
(g) An amount on account of working Capital equal to the sum of :-		
*(i) 1/12 of the sum of book cost of stores, materials and supplies including fuel, held in stock at the end of each month of the year of account		2,62,973
*(ii) 1/12 of the sum of cash and bank balances ex & call and short term deposits at the end of each month of the year of account not exceeding in the aggregate 1/4th of the expenditure on the following		13,828
		13,46,503 ... (A)

(1) distribution and sale of energy
(2) rent, rates and taxes other than taxes on income and profits
(3) interest on security deposits
(4) legal charges
(5) bad debts
(6) auditor's fees
(7) management including Managing Agent's remuneration as provided for in para XIII of the Sixth Schedule (Annexure I)
(8) other expenses admissible under the law for the time being in force in the assessment of Indian Income Tax and arising from and incidental to electricity supply
(9) contributions to Provident Fund, Staff pension, gratuity and apprentice and other training schemes

Total ...

1/4th of the above expenditure = ...

Less-(1) Amount written off or set aside on account of depreciation of fixed assets & amounts written off in respect of intangible/before or after the commencement of the Electricity (Supply) Act, 1948 — 2,03,442

Amount of loans advanced by the Board under para 1(2) of the First Schedule — (-) Nil (B)

Base (A) - (B) ... 11,43,061

ANNEXURE II.

Statement showing the calculation of 'Capital Base'(para XVII(i) of the Sixth Schedule to the Electricity(Supply) Act, 1948)

	Rs.	Total. Rs.
(a) Original cost of fixed assets other than service lines.	Proforma detail	9,29,965
(b) Net cost of service lines(total cost less receipts from consumers - vide para. XII of the Sixth Schedule)	1,44,335 / 12,297	1,32,038
(c) Cost of Intangible Assets.		7,699
(d) Original cost of works in progress		
(e) Investments from contributions to the contingencies Reserve		
(f) Investments from contributions to the Depreciation Reserve(not invested in the business)		
(g) An amount on account of working Capital equal to the sum of :-		
*(i) 1/12 of the sum of book cost of stores, materials and supplies including fuel, held in stock at the end of each month of the year of account		2,62,973
*(ii) 1/12 of the sum of cash and bank balances & call and short term deposits at the end of each month of the year of account not exceeding in the aggregate 1/4th of the expenditure on the following		13,828
		13,46,503 (A)

(1) distribution and sale of energy
(2) rent, rates and taxes other than taxes on income and profits
(3) interest on security deposits
(4) legal charges
(5) bad debts
(6) auditor's fees
(7) management including Managing Agent's remuneration as provided for in para XIII of the Sixth Schedule (Annexure I)
(8) other expenses admissible under the law for the time being in force in the assessment of Indian Income Tax and arising from and incidental to electricity supply
(9) contributions to Provident Fund, staff pension, gratuity and apprentice and other training schemes

1/4th of the above expenditure

Less-(1) amount written off or set aside on account of depreciation of fixed assets & amounts written off in respect of intangible/before or after the commencement of the Electricity (Supply) Act, 1948 — 2,03,442

(2) amount of loans advanced by the Board under sub-para 1(2) of the First Schedule — (-) 11,43,061 (B)

Capital Base (A)-(B)

~~Statt~~ III Total		13,58,171.
is Intangible	7,699.	
chase Cons.	2,69,082.	4 21, 116
Connection	1,44,335.	9, 37,055
	4, 21, 116	
Less Tools included in monthly balances		
		9, 29,965

ANNEXURE II. (Contd.)

Stores, cash and bank balances etc. held at the end of each month of the year.

Months	Stores, materials & supplies including fuel on hand.	Tools	Cash Balance	Bank balance	Call & short Term Deposits	Rems
1	2	3	4	5	6	7
1	2,70,301	6,137	8,203			
2	2,74,487	6,203	15,796			
3	2,76,514	6,327	10,587			
4	2,73,066	6,561	18,256			
5	2,85,647	6,827	9,292			
6	2,77,800	7,053	15,362			
7	2,96,568	7,404	5,778			
8	2,15,435	7,421	- 15,321			
9	2,68,194	7,456	11,633			
10	2,14,186	7,508	24,280			
11	2,64,216	7,633	19,943			
12	2,01,928	7,090	11,482			
Total	29,98,342	83,620	1,65,933			
1/12th of total	2,49,861	6,970	13,828			

Consignments 3,285
Goods in Transit 199
Engineering Stations 2,658
Tools 6,970
2,62,973

ANNEXURE III.

Statement showing the calculation of "Clear Profit".
(Para XVII (2) of the Sixth Schedule to the Electricity(Supply) Act ,1948).

	Rs.	Rs.	Rs.
(A) Income.			
1. Gross receipts from sale of energy (less discounts applicable thereby).		3,98,298	
2. Rental of meters and other apparatus hired to consumers.		9,721	
3. Sale and repair of lamps and apparatus.			
4. Rents less outgoings not provided for.			
5. Transfer fees.		138	
6. Investments, fixed and call deposits and bank balances.		197	
7. Other general receipts accountable in the assessment of Indian Income Tax and arising from and ancillary or incidental to the business of Electricity Supply.		3,149	4,11,503 ...'X'
(B) Expenditure incurred on			
1. Generation and Purchase of Energy.		1,88,378	
2. Distribution and sale of Energy.		32,374 (a)	
3. Rent, Rates and Taxes other than all taxes on income and profits.		815	
4. Interest on loans advanced by the Board under sub-para (2) of para 1 of the First Schedule.		211	
5. Interest on security deposits.		101	
6. Legal charges.		~~1,744~~	
7. Bad debts.			
8. Auditors' fees.		1,741	
9. Management including Managing Agents' Remuneration as provided for in para XIII 14,794 + 83,39 = 23,133 + 400 Directors		23,533	
10. Depreciation (excluding contribution towards arrears of depreciation) as per para VI of Sixth Schedule *		20,000	
11. Other expenses admissible under the law for the time being in force in the assessment of Indian Income-tax and arising from and ancillary or incidental to the business of Electricity Supply...		64,92 (x)	
12. Contributions to Provident Fund, staff pension gratuity and apprentice and other training schemes.			
		3,33,073	

(a) B Distr. 92,814
C Publicity 7,477
100291
Less 67,917
32,374

Carried over

(x) 67,917 - Exp. part
any to Sub Q
Energy
2,997 - Provident Funds
64,920

Brought forward 3,33,073.

	Rs.	Rs.	Rs.
(C) Special Appropriations to cover-			
1. Previous losses (i.e. excess of expenditure over income) which have arisen from the business of Electricity Supply to the extent in any year actually appropriated for the purpose in the books of the undertaking.			
2. All taxes on income and profits.			
3. Instalments of written down amounts in respect of intangible assets and new Capital issue expenses to the extent in any year actually appropriated for the purpose provided that the amount so appropriated shall not exceed the amounts found by dividing the written down cost of such assets by the number of complete years remaining before the next option of purchase under the license arises.			
4. Contributions to the contingencies Reserve under para IV(i) of the Sixth Schedule.			2,703
5, Contributions towards arrears of depreciation.			
6. Other special appropriations permitted by the State Government.			
			....'X' 3,35,776
Total of (B + C) = Y		4,11,503 — 3,35,776 = 75 727.	

Clear Profit = (X - Y)

* Note:- Provision for depreciation according to the compound interest method includes annual interest on the accumulated balances in the Depreciation Reserve(vide para VI(i) of the Sixth Schedule).

ANNEXURE IV.

STATEMENT SHOWING " REASONABLE RETURN" (Para XVII(9)) OF THE SIXTH SCHEDULE TO THE ELECTRICITY (SUPPLY)ACT 1948)X.

	Rs.	Total Rs.
(a)5 % on "Capital Base" (Annexure II). at the end of the year.	11,43,061.	57,153
(b)Income from investment other than those invested from contingencies Reserve and Depreciation Reserve.		105
(c)1/2 % on any loans advanced by the Board under para 1(2) of the First Schedule to the Electricity (Supply) Act,1948.		
TOTAL		57,258

Clear Profit 75,727.
Reasonable Return 57,258
18,469.

ANNEXURE V.

STATEMENT SHOWING APPROPRIATION OF EXCESS OF "CLEAR PROFIT " OVER " REASONABLE RETURN"X

(Para II(i) of the Sixth Schedule to the Electricity (Supply) Act,1948.

	Rs.	Rs.
Amount of the excess of "Clear Profit" over "Reasonable Return".	18,469.	
(1)1/3 of the excess not exceeding 7½ % of the amount of "reasonable return" to be at the disposal of the undertaking.		4924-0-0
(2)1/2 of the balance after allowing for (1) above to be transferred to "Tariffs and Dividends Control Reserve".		7087-8-0
(3)Remaining half to be distributed in the form of a proportional rebate to consumers or carried forward in the accounts of the undertaking for distributing to consumers in future with the sanction of the State Government		7087-8-0
	18,469.	18469-0-0

Below U.O.R. No.OA/1910, dated the 14th May 1952, from The Examiner, Outside Audit Department, Bombay.

No.LA.12/12437 of 1952.
Bombay, 4th December 1952.

Passed on with compliments to Government in the Public Works Department.

2. I agree to the remarks of the Examiner on para 4(i), regarding premiums on shares, and paras 5(ii), 7(b) 9(a) and 10(b)(1), 19(i) and 19(ii) sub.para 2 of the audit report.

3. As regards para 10(b) (iii) it may be stated that on the scrutiny of the details of the item "Machinery and Tools and Plant" furnished by the Company, the period of 20 years assigned in the case of these items is considered to be reasonable and may be approved by Government under item D of tl table appended to the Seventh Schedule of the Electricity (Sup) Act 1948.

4. Regarding para 19(ii) of the report, the explanation of the Supply Company in justification of the stores of huge valu held by the Company seems to be convincing and may be accepted

Electrical Engineer to Government

MAB/2/12/52.

K
416

I. W. D.

File No. LBB 1151

Serial No. 11625

25

LBB 1151

116257

P.W.D.

K.

7-23 N.S.

Submitted with ref to O.M. dt the

5-4-52 — 457 N.S.

2. The neg. draft put up may issue

if approved — 73-75 C.S.

22/12/52

D.S.(9&E)

LBB 1151/21261

26

K. Br.

P.W.D.

Submitted with ref. to G. L. dt. the 15-12-1952 ff 73-75 C.S.

2. Pl. see the Supply Co's letter of 3rd Feb. 1953 ff 77-79 C.S. The remarks of the [illegible] E.O.A & El. Engr. to Govt. in the matter may be called for as per draft put up for approval — A. 81. C.S.

24/2/53

24/2/53

A.S. (IV)

27

LBB 1157/42 425

P.W.D.

X. Dr.

h-83 C S.

Submitted with ref. to h. L. dt. the 25-2-53 h-81 C-3.

2. The usual memo calling for the remarks of the El-Engr. to govt. is sent up for signature.

X No. LBB 1157K, dt. the 7 April 1953

98/4 22/4

21/4/53

ABB 22/4

Supdt.

Amount 123-5-53 23/4

ISSUED
Date 22/4/53

27

LBB 1157/424

K. Dor. h-83 C.S. B.W.D.

Submitted with ref. to h. l. dt. the 25-2-53 h-81 C.S.

2. The usual memo calling for the remarks of the El-Engr. to govt. is put up for signature.

K No. LBB 1157K, dt. the 7 April 1953

98/22/4

21/4/53

ABB 22/4

Submitted.

Amount (23 5/53)

2.2.14

ISSUED
Date 22/4/53 NB

BB 1151/51819 26

P.W.D.

K. dt. 85. C.S.

Submitted with ref. to G.L. No. LBB 1157 K, dt. the 25-2-53. dt. 81 C.S.

2. As the remarks on the Supply Dy 77-79 's letter dt. the 20-2-53. have be incorporated in the audit report for the year ended 31-3-52. no further action appears to be necy. on this ref. F.N. LBB 115

Records

B/S/53

GLS

Filed

Submitted.

SI<

G.P.K.—(J) H(11-1,00,000-10, 58
[No. 3800/MR dated 20-12-18.]

SEPARATOR

695—1,000 7-09—H & S
G R [illegible] 1915, 6a [illegible] 9-6-23.]

DOCKET SHEET

Subject:-

File No. LBB 1151
P.W.
K B

References:—

Date.	To whom sent	Notes and instructions.

REPORT ON THE EXAMINATION AND AUDIT OF THE ANNUAL STATEMENTS OF ACCOUNTS PRESCRIBED UNDER THE INDIAN ELECTRICITY RULES,193' OF THE BELGAUM ELECTRIC SUPPLY COMPANY LIMITED FOR THE YEAR ENDING 31-3-1950.

The examination and audit of the annual statements of a/c: of the Belgaum Electric Supply Co. Limited for the year ending 31-3-1950 was carried out at the registered office of the Co.at Bombay. Statements I to IX and the statement of Financial and Technical Data are appended to this report.

2. The financial provisions contained in the sixth and seven schedules to the Electricity (Supply)Act 1948 became applicable to this Concern with effect from 1-4-1949.

3. (a)Share Capital:-
The amount of paid up share capital allocated to the Be.a License (at Re.0.578 per rupee) to the end of the year was Rs.12,27,500 and was made up of Rs.360,900 as preference shares capital and Rs.866,600 as ordinary share capital.The increase c Rs.180,628 in the paid up share capital over that at the end of previous year which was Rs.10,46,872 was due to allocation to Belgaum License the proporptionate amount out of 31,230 new ordinary shares of Rs.10 each issued during the year by the M/s Amalgamated Electricity Co.(Belgaum)limited and which were full paid up.

(b(Loan Capital:-
The total amount of unsecured loan raised by the Amalga--mated Electricity Co.(Belgaum)Ltd.was Rs.141,658-8-0 at the end of the year out of which Rs.70,261 were allocated as share of Belgaum License.

4. Statement III:-Capital Account:-
(i)The Co.has omitted from Statement III Capital Account (i)hiring Installators (Refrigerators)and (ii)Premium on shares on the ground that these items are for activities which do not form part of License undertaking though in the part these were included in Statement III. In the opinion of audit the Co.is justified in excluding the expenditure on hiring installations (Refrigerators)from the accounts rendered by it for the License undertaking but it should be asked not to debit expenditure incurred on the staff or other expenses (which are properly attributable to the business of the hiring of refrigerators)to a/cs of the the undertaking. The Co.,however,is not justified in excludin the amount realised on account of premium on share,as it was received along with the share capital and is properly attribu--table to the undertaking of the License.

The Co. may,therefore, be asked to show this item in the statement No.III in future.

(ii)The net expenditure on additions to fixed assets incu--rred during the year amouted to Rs-188,358.The expenditure was mainly on plant (Rs.140,512)for the installation of one more generating set to meet further demands for electricity supply.The salaries and wages debited to capital account amounted to abcut Rs.20,572.The amounts debited to Mains and services account being Rs.7,319 and Rs.5,691 respectively which work out to 50 % and 40% respectively of the total additions to these assets during the year.

(iii)The percentage of turnover to the total capital expenditure works out to ab ut 32.9 .

(d)The total capital expenditure per K.V.A.installed plant com to about Rs.1,369.

5. Statement IV:- Working expenses:-
(i)The working expenses excluding depreciation,provision for----

for Reserves etc. under the various head together with the cost per unit generated during the years 1948-49 and 1949-50 are given below:-

	1948-49 Amount	Cost per unit generated in annas.	1949-50. Amount	Cost per unit generated in annas
1.Fuel	1,17,526	0.89	1,16,682	0.89
2.Oil Waste & Water	23,655	0.18	19,923	0.15
3.Wages & Salaries (excluding management)	41,160	0.31	53,334	0.46
4.Repairs & Maintenance	28,789	0.22	30,812	0.20
5.Rents,Rates & Taxes	2,114	0.02	1,145	0.01
6.Agent's commission	21,270	0.16	23,280	0.18
7.General expr. (Management)	62,966 / 2,97,480	0.48 / 2.26	70,159 / 3,16,005	0.53 / 2.42
8.Units generated	21,02,168		21,02,352.	

(ii) In Statement No.IV, Co.has shown an amount of Rs. 67,916-12-5 under the head 'B-Distribution'as expenses pertaining to sale of energy. This amount includes salaries and wages, expen--diture on printing and stationery and other expenses of general nature as detailed in the margin* which should have been classi--fied and had been actually and correctly classified in previous years under the head 'Management' in statement No.IV.The reasons for chan--ging the classification of these expenses and the grounds on which this was done are not clear.These ex--penses have been included under the subhead management & general expenses for the purposes of comparison of working cost in the statement in sub--para 5(i)above. It may be pointed ou that under para XIII(3)(a)clause IX of sub-para 2(b) of para XVII is to be omitted from operating expenditure fo the purposes of calculating office allowances.If the above items had bee classified under 'Management'the operating expenditure would have been reduced to this extent an the office allowance would have also been reduced correspondingl For the purpose of the calculations in this report the classi--fication adopted by the Co.has however been provisionally accepted.

* Details of General expenses drawn as expenses pertaining to sale of energy, Rs.67,916-12-5:-

	Rs.
Printing & Stationery	2,547- 8-0
Postage & Telegrams	1,164-12-9
Cycle repairs	135- 8-9
Telephone charges	457- 5-9
General charges	7,038- 5-11
Motor expenses	1,467-14-0
Sundry expenses	622- 4-6
Brokerage	271-- 0-0
Salaries & Wages	46,776- 0-9
Contribution to gratuity scheme	7,436- 0-0
	67,916-12-5

(iii) The increase of expenditure under the sub-head management and general charges was explained as due to incre--ments and payment of Republic Day Bonus (Rs.3,532-0-0).The salaries and wages Rs.46,776-0-9 include Rs.470-3-0 on account of proportionate charges debited to this account as Co.'s contribution to staff insurance fund.

(iv) The 'General Expenses charges'(Rs.7,038-5-11)shown in the margin of subpara (iii)above include an amount of Rs.2375 spent on sweets dry fruits,and the sundry expenses(Rs.622-4-6) shown in the margin referred to above represent expenditure on entertainment of the Co.'s guests.As these expenses do not arise from and are not ancillary or incidental to the business of the Electricity Supply,they have been omitted from the operating expenditure as inadmissible (vide item 2(i)of para XVII 2(b)of the sixth schedule to the Indian Electricity(Supply Act 1948).

(v) The expenditure on repairs and maintenance includes an amount of Rs.11,610/-on account of salaries and wages debited to that account. The increase of expenditure under this sub-head was stated to be due to ~~not any special repairs,but~~

but due to increase in the cost of materials & not special repairs

6. Statement IV:-Revenue Account:-
The receipts during 1948-49 & 1949-50 and the No. of units of electricity sold to various classes of consumers together with the average sale price realised are compared below

Items	1948-49 Units sold	1948-49 Amount Rs.	1948-49 Price per unit in annas.	1949-50 Units sold	1949-50 Anount Rs.	1949-50 Price per unit in annas.
1.Lights & Fans	484,722	203,038	6.73	516,149	212,203	6.58
2.Power	730,679	84,478	1.85	730,494	86,954	1.90
3.Special Contracts	~~468,491~~	81,549	2.78	417,188	76,962	2.90
4.Lighting	149,743	..	..	..	..	..
5.Motive Power	318,748	..	..	..	..	..
6.Public Lamps	65,749	22,260	5.42	69,110	22,179	5.13
Total	1,749,641	392,225	3.58:	1,732,941	398,298	3.67
7.Meter rents		11,703			9,721	
8.Service connections		7,083			1,567	
9.Miscellaneous		3,310			1,917	
		414,321			411,503	

7. Statement IV:-General Remarks:-
(a) The Co. has omitted from Statement IV: Revenue Account the following items of receipt and expenditure as not pertaining to License's Undertaking:-

	Rs.
(a) Receipts:-	
Rental of refrigerators & implements	1,974- 2-6
Charges for removal of Refrigerator	29- 0-0
Profit on sale of ~~xxxxxxxxx~~ stores	1,146- 7-6
-do- -do- Refrigerators	906-11-9
(b) Expenditure:-	
Repairs to hiring installations	1,195-15-3.
Depreciation on hiring installators (Refrigerators).	376- 0-0

(b) In this connection remarks at para 4(i) regarding refrigerators above may please be seen. As regards profit on sale of stores, the Co. may be asked to debit expenditure incurred on stores staff etc. to the account of stores which are considered to be not forming part of the Licensee's business and to show the transactions pertaining to this item separately in the accounts and the Balance-Sheet, and not mix up with the stores transactions of the Undertaking (electricity supply)

8. Office allowance of Managing Agents:-(a)(i) The managing agents have drawn an office allowance of Rs.15,115 while the amount calculated by this office comes to Rs.14,794 (vide annexure I(b), difference of Rs.321 being due to exclusion of expenses on fruits and sweets (Rs.2,997) & interest on loans and advances (Rs.3,420) from the operating expenditure as these are not admissible under para XVII(2)(b) of the sixth schedule to the Act. The capital expenditure is the same as that calculated by the Co. (Rs.1,91,216).

(ii) In working out the amount of office allowance, the retiring gratuities paid to the staff (Rs.7,436), Co. contribution to staff insurance and bonus have been treated as working expenses admissible under para XVII(2)(b) of the sixth schedule.

(b)(i) In addition to the office allowance, the managing agents have debited to the Belgaum License following expenses as head office expenses:-

	Rs.
(i)Salaries	22,395- 9-0
(ii)Rent Rates & Taxes	1,242- 9-3
(iii)Printing & Stationery	253-14-0
(iv)General Expenses	918- 5-6
(v)Telephone charges	198- 7-9
(vi)Co.'s contribution to staff insurance	849- 4-0
	25,858- 1-6

The Head Office at Bombay of the Amalgamated Electricit (Co.),Belgaum Limited is also the head office of six other electric Coys. and of M/s the Consolidated Electric Agencies Lt who are the managing agents of this Concern.The head office expenses are,therefore,first debited to Jalgaon Electric Supply Co.Ltd.which is one of the six companies referred to above and which is also managed by the same agents and then allocated to all the Coys.including M/s Consolidated Electric Agencies Ltd. It was,however,noticed that the percentage of total head office expenses debited to the Licensee under audit was 15 during 1949-50 as against 20 during 1948-49 while the share debitable to M/s the Consolidated Electric Agencies remained unchanged a only one percent of the total head office expenses. Under para XIII(3) of the sixth schedule, the salaries and wages of all persons employed in the office of the managing agents are to be borne by them. The Co.may,therefore,be asked not to debit these charges which are to be borne by them to the undertaking and carry out the necessary adjustments in the accounts of the next year.

(ii)The question whether the 'head office'expenses oth than salaries and wages of staff employed in the office of th Managing Agents can be debited to the electric companies manag by managing agents having their office at the same place as t head office of the Co. has been referred to Govt. separately (vide this office U.O.reply No.O.A./17785 dated 31-3-1951)and pending the decision in this matter,all the 'head office'expen -ses amounts to Rs.25,858 have been provisionally admitted as other expenses admissible under the Income Tax Act(vide item (xi)of para XVII(2)(b) of the sixth schedule).

9. Ordinary remuneration of Managing Agents:-

(a)The ordinary remuneration drawn by the Managing Agents is Rs.8,165 while the amount worked out by this office i annexure 1(a) comes to Rs.8,339.In this connection agents'offic allowances has been taken as Rs. 14,794 expenditure on fruits and sweets (Rs.29.97)has been omitted.It is not understood how the Co.has arrived at the figure of Rs.8,165.

In working out the net profits for the purposes of calculation of Agents ordinary remuneration income tax of Rs. 45 deducted on interest on investment has been added to the total income.

(b)The total amount of office allowance and ordinary remuneration payable to the Managing Agents as worked out by this ofice in annexure 1(a)&(b)comes to Rs.23,133 as agains Rs.23,280 actually paid.The Managing agents have thus been paid an amount of Rs.147 in excess which is due for recovery from them.The Co. may be asked to recover this amount.

10. Depreciation:-

(a)The Co.has been permitted by Govt. to charge depre -ciation in 1949-50 according to statuo quo (vide Govt. letter No.P.W.D.6736(1)-El(I) dt 1-2-1950).It has,however,pro- -vided an amount of Rs.20,900 as depreciation for 1949-50 against Rs.16,800 provided in 1948-49.No details showing the basis on which the amount of Rs.20,000 was arrived at were, however,produced.The Co.may be asked to furnish the details

(b)(i)Though the Co.has been permitted to charge dep. according to status quo orders ,it has also worked out total depreciation which should have been provided according to the Act upto 1948-49 and the difference between the balance in th depreciation fund on 31-3-1949 and the total depreciation so

so worked out (representing the excess provision made in the past) was transferred to 'General Reserve Fund'.

The procedure followed by the Co. of crediting the amount of Rs.20,333 to the General Reserve Fund is not in order. The Co. should have adjusted the amount of depreciation to be charged to the accounts after taking into account the sums already written off or set aside in the books of the undertaking as required by para VI(1) of the sixth schedule. The Co. may be asked to carry out the necessary adjustments in the accounts of the next year.

(ii) An amount of Rs-24,406 has been adjusted against the total depreciation according to the Act as depreciation written off at the time of amalgamation on 1-7-36 whereas the balance in the depreciation fund at the time was Rs.32,915/-. This discrepancy is required to be explained by the Co.

(iii) Depreciation has been calculated on misc. plant and machinery on the basis of 20 years life. It was also noticed that depreciations was also calculated on mis tools and implements also which were included under the above head. As 'Misc. plant and machinery' is not an item specified in the table appended to the seventh schedule, the Co. may be asked to furnish the details of this calculation and Govt. may in consultation with the Electric Engineer consider whether the details fall under any of the heads prescribed in the seventh schedule. If not the Co. may be instructed to approach for fixing the periods as required under item D of table appended to the seventh schedule.

(iv) Certain assets like mains and services have not been grouped according to the various categories mentioned in the table.

(v) In the following cases the lives adopted for working out depreciation were different from those prescribed in the table appended to the seventh schedule or permitted by Govt. in letter No.2122/48(31)-El I dt 5-6-50.

	Life adopted
(i) Generating plant installed in 1946-47	25 years.
(ii) Wiring of Government Buildings	7 "

The Co. may be asked to calculate depreciation according to lives in the table appended to seventh schedule and the Govt. letter referred to above.

11. Calculation of Capital Base:-

The 'Capital Base' for the year comes to 11,43,061 (vide calculations in annexure II) whereas the Co. has taken it as Rs. 14,32,596. The difference of Rs.2,89,535 is explained below:-

(i) The Co. has treated an amount of Rs.2,69,082 paid as consideration for the purchase of a going concern as an intangible assets. This seems to be incorrect as the payment in question constitutes a good-will and cannot, therefore, come under the category of intangible assets. (vide para XVII(4) of the sixth schedule). This item has, therefore, been excluded from the capital Base.

(ii) Further it has included in the capital base, the book value of tools and implements at the end of the year Rs.7,090 instead of taking average book balance (Rs.6,970)

(iii) The amount of depreciation actually written off or set aside after excluding amounts adjusted in respect of depreciation of obsolete assets has been taken into account under para XVII(1)(e) of both schedule viz. Rs.2,03,442 while the Co. has taken only the net balance in the depreciation fund account viz. Rs. 183,107.

Page---6

(iv)The Co. may be asked to work out the monthly closing balances of the items "Printing and Stationery "as the same was not done during the year under audit.

12. Clear Profit:-
According to the calculations of this office.the clear profit of the Co.amounts to Rs-75,727(vide annexure III).This has been arrived at after taking into account (1)Head Office salaries and expenses(ii)Bonus (iii)Gratuties paid to the staff,(iv) contribution to staff insurance premia as working expenses.

13. Net Revenue Account:-
(i)The Amalgamated Electricity Co.(Belgaum)Ltd.of which the Belgaum License is a part declared a dividend, out of the profits of the year, at 7½ percent free of income tax after paying dividend at 5½ percent free of income tax on the prefer--ence shares. This was the same as for 1948-49.

(ii)Appropriation for Contingencies Reserve:-
The Co.has provided an amount of Rs.2,703 as contribution to contingencies Reserve for 1949-50 which is within the limits laid down in para (iv)(1) of the sixth schedule to Electricity (Supply) Act 1948.

14. Reasonable Return etc. :-
The reasonable return for the undertaking comes to Rs.57,258. The clear profit (Rs.75,727)exceeds the reasonable return by Rs.18,469 and this excess should have been distributed as under:-

	Rs.As.Ps.
1.1/3rd of excess not exceeding 7½ of the reasonable return	4,294- 0-0
2.Tariffs and Dividends Control Reserve	7,087- 8-0
Provision for the reduction of a 3.Proportional rebate to consumers	7,087- 8-0
	18,469- 0-0

The Co. may be asked to create the reserves mentioned at item 2 and 3 above.

15. Reserve Fund:-
(a)The Co. had not created a "General Reserve Fund upto 1948-49.This fund was however opened during the year under audit by transferring an amount of Rs.20,333 from the depreciation fund.

(b)In the statement No.VI,'Reserve Fund Account',the Co. has shown the individual reserves and exhbited total in the Balance Sheet. The Co. may be asked to show these reserve separately in the Balance Sheet.

(c)A development fund was also created during the year by crediting to it an amount of Rs.12,296-13-0 being the service time charges recovered from the consumers.

(d)The transactions of the contingencies Reserve during the year are summarised below:-

	Rs.
(i)Provision made from Revenues of the year	2,703
Add profit on sale of Tricar and meters	350
Balance at the end of the year	3,053.

16. Depreciation Reserve Fund:-
The balance in the fund on 31-3-1950 including the amount of Rs.20,333 transferred to Govt. Reserve Fund

stood at Rs.203,442 which works out to 19 per cent of the total depreciable assets of the Co. in its 17th year of working.

17. General Balance Sheet:-

(i) The sundry creditors on open accouht viz.Rs.161,021-4-10 include Rs.34,976-12-6 on account of deposits from consumers and others with interest thereon.

(ii) The details of Rs.64,813-0-8 shown on the liability side as not pertaining to Licenses's undertaking are shown in the ~~xxrixx~~ magin*.

~~17. General Balance Sheet:-~~
~~(1) The sundry creditors on open~~

* Details of Rs-64,813-0-8 shown as not pertaining to Licensee's undertaking:-

	Rs.
Rent charges of regrigerators & implements	1,974- 2-6
Refrigerator removal charges	29- 0-0
Profit on sale of stores & wiring contracts	1,146- 7-6
-do- Refrigerators	906-11-9
Reserve for Bad debts	540- 0-0
Dep.fund on hiring installations	~~653~~/
	6,534- 0-0
Unclaimed dividend	23,550-11-0
Deposits on application	1,858- 0-0
Premium on stores	39,760- 0-0
Total	76,299- 0-9
Less Hiring installations repairs	1,196-15-3
" Dep.on hiring -do-	376- 0-0
" Cost of hiring -do-	9,914- 0-10
	64,813- 0-8

18. Statement IX:-Energy Generated & sold etc.

The percentage of units used on works and those lost in transmission comes to 12.01 and 11.1 respectively as against 2,93 and 13.84 for the previous year.The reasons for wide variations in the percentage is that the No. of units ~~lost~~ used on ~~xxxxxxxx~~ ~~xxixxxxxxxxx~~ transformers and meters which were bein previously shown under the head lost in transmission were included under used on works during 1949-50. ~~The reasons for such a change is in procedure are not clear.~~

19. General Remarks:-

(i) The Belgaum Electric Supply Company Limited increased its rates from 1-10-1949 on the expiry of Govt. orders permittng levy of surcharge on the schedule rates of the Co. to the extent by which the rates fell short of the rates in force prior to 1-10-1949 together with surcharge. It was,however,noticed that the clear profit of the undertaking for the year viz.Rs.75,727 exceeded the amount of the reasonable return Rs.57,258/- by Rs.18,469 which is more than 30 percent of the 'Reasonable Return'.The licensee has,however, not taken any action to adjust the rates according to para I of the sixth schedule.This is brought to the notice of Govt.

(ii) The balance of stores held by the Co.was over Rs.2,00,000 ~~xxxxxxxxxxxxxxxx~~ throughout the year under audit whereas the average monthly consumption was only Rs.30,000 which hardly justifies retention of such large stores in balance. The circumstances in which such heavy stores balances have been held by the Co. are required to be ~~xxxx~~ investigated.

Presumably the items of stores which are sold to the public are included in the above balance.If so,as already pointed out in the para 7 above,those items of stores should be shown separately in the accounts and not mixed up with the transactions of stores pertaining to the Electrical Undertaking.

EXAMINER,OUTSIDE AUDITS,
ACCOUNTANT GENERAL'S OFFICE,B'BAY.

VWG/24.8

ANNEXURE I.

(a) Statement showing the calculation of the ordinary Remuneration of Managing Agents.

(Para XIII (i) of the Sixth Schedule to the Electricity (Supply) Act, 1948).

Net Profits as per Section 87(c)(3) of the Indian Companies Act 1913 (VII of 1913).

		Total Rs.
Income from all sources.		1,11,548 ....
Less		
(a) Working expenses.		
(b) Interest on loans & advances.	3,631	
(c) Repairs and outgoings.	35,510	
(d) Depreciation.	20,000	
(e) Bounties & subsidies received from Govt. or from public body		
(f) Premium on shares sold.		
(g) Profits on sale proceeds of forfeited shares.		
(h) Profits from the sale of the whole or part of the undertaking.		3,28,154..... (B) .....
Net Profits (A - B)		83,394

Maximum limit for ordinary Remuneration of Managing Agents:-

	Amount of not Profit. Rs.	Amount of Remuneration. Rs.	Tot Rs.
(a) Upto first Rs.5/-lakhs of "Net Profits" @ 10 %.	83,394	8,339	8,339
(b) On "Net Profits" in excess of Rs.5/-lakhs @ 7 %.			8,309

Minimum amount of ordinary remuneration as per para XIII(2) of the sixth schedule.

	Amount of paid up share and Debenture Capital.* Rs.	Amount of re neration per annu each com thousand paid up debentu Rs.
Minimum amount payable.	12,27,500	2,454.

N.B.* For purposes of computing the minimum payment, should the share and debenture capital be less than Rupees five lakhs, it shall be taken as rupees five lakhs and, should the said Capital be greater than rupees one crore, it shall be taken as rupees one crore.

	Rs.	
Amount of ordinary remuneration including purchasing commission actually paid.	8,165	...(M)

(b) Statement showing the calculation of office allowance of Managing Agents

Maximum limit for office Allowance.

(1)(a)* Operating expenditure =	First Rs. 1 lakh	@ 8%	8,000	
∠1,162 (b) -do-	Next Rs. 2 lakhs ∠	@ 5%	58	
(c) -do-	" Rs. 7 lakhs	@ 2½ %		
(d) -do-	in excess of Rs. 10 "	@ 1½ %		
	102,758		8,058	
Total....				
(2) Capital expenditure incurred during the year				
-do-	First Rs. 1 lakh	@ 4 %	4,000	
∠91,216 -do-	Next Rs. 2 lakhs	@ 3 %	2,736	
-do-	" " 7 "	@ 1½ %		
-do-	in excess of Rs. 10 lakhs	@ 1 %		
	191,216.		14,794	
Total				
Amount of office allowance actually paid.			15,115	(N)

N.B. The Office allowance is inclusive of salaries and wages of persons employed in the office of the Managing Agents, but not the salaries of the engineering staff employed for purposes of the undertaking.

* Operating Expenditure -

	Total Rs.
Expenditure incurred on	
(1) distribution and sale of energy	32,374
(2) rents, rates and taxes, other than taxes on income and profits.	1,815
(3) interest on Security Deposits.	211
(4) legal charges.	101
(5) bad ~~xxxxxx~~ debts.	-
(6) auditors' fees.	1,741
(7) Other expenses admissible under the law for the time being in force in the assessment of Indian Income Tax and arising from and ancillary or incidental to the business of Electricity supply	4,920
(8) contributions to Provident Fund, staff pension gratuity and apprentice and other training schemes.	
	101,162.
Total of ordinary remuneration and office allowance of Managing Agents	(M) + (N) ~~29,280~~

Office Allowance Vouchers
Company's 15,115 8165 23133
A G's 14,794 8337 23131
147

and treatment of Central Government servants and their families The attention of the medical officers may particularly be invite to the enclosed list and they be asked not to issue 'essentia lity certificates' in respect of items shown therein, and such other items as are inadmissible in the light of the instructions referred to above.

Copy of letter No.39-120/47-M dated the 20th February 1948 from Director General of Health Services to the Accountant General with the Govt. of India Resolution No. dated the to the Director of Health Services, West Bengal, Calcutta etc. etc. and copy forwarded to the Medica Supdt. Sai Hospital and Parsi Hospitals, Bombay, Cama an Albless Hospitals Bombay etc: under his endorsement No.39-120/47 M dated the 20th February 1948.

I have the honour to invite reference to the Central Serv (Medical Attendance) Rules 1944, and to this office (previous letter on the subject No.39-19/47-M dated the 15th March 1947.

In spite of the explicit suggestions contained in that let instances in which medical officers certify preparations not covered by the rules as essential for the recovery of the patien are constantly being brought to the notice of the Govt. of India and in such cases are referred to this office for advice the cost of such preparations often has to be disallowed. It will be appreciated that this procedure not only means prolonged delay in the settlement of legitimate claims, but also entail great deal of work in this office and in the Ministry of Health much of which is unnecessar and could be eliminated with a little more cooperation on the part of the Medical Officers concerned.

The majority of cases referred to this office by the minist of Health for advice refer to the cost of preparations which are not medicines but are primarily foods, toilet preparations or disinfectants which of course cannot be allowed under the rul In addition to these our attention is frequently drawn to prescriptions for expensive proprietary tonics and other preparations for which much cheaper preparations of ec therapeutic effect are readily available. The following general principles may therefore be enunciated for the general guidance of Medical Officers.

There might be some difficulty in distinguishing between fo and medicines in certain cases. A decision would ordinarily depend on whether the drug content is small in comparison with the food content of the preparation prescribed. For example in cod liver oil and malt the food content is out proportion to the vitamin (or medicine) content, and to prescribe vitamins in the form of cod liver oil and malt is unnecessarily costly. In the average case of vitaminosum B.P. preparations of malt are of much greater therapeutic effect at a fraction of the cost, and since it is prescribed for its vitamin content is quite permissible.

Proprietary preparations should not be prescribed if there available a non proprietary medicine of equal therapeutic effect This should include not only medicines sold under trade names, but also standard preparations packed in special containers under the name of individual manufacturers e.g. aspirin tablets (A.B. and Co). There can be no justification for the excessive cost of proprietary medicines for Government servants being met from public funds.

It is therefore requested that you would kindly issue inst ructions to all the medical officers in your province who are authorised medical attendants of Central Govt. servants that they should not prescribe preparations which are not admissible under the rules, and that they should avoid prescribing expensi proprietary preparations when non proprietary preparations of equal therapeutic efficacy are available in the market.

ANNEXURE II.

Statement showing the calculation of 'Capital Base'(para XVII(1) of the Sixth Schedule to the Electricity(Supply) Act, 1948)

		Rs.	Tot Rs.
(a)	Original cost of fixed assets other than service lines.	.. 9,29,965	
(b)	Net cost of service lines(total cos less receipts from consumers - vide para XII of the Sixth Schedule).	1.32.038	
(c)	Cost of Intangible Assets.	7,699	
(d)	Original cost of works in progress		
(e)	Investments from contributions to the contingencies Reserve		
(f)	Investments from contributions to the Depreciation Reserve(not invested in the business)		
(g)	An amount on account of working Capital equal to the sum of		
	i) 1/12 of the sum of book cost of stores, materials and supplies including fuel, held in stock at the end of each month of the year of account	2,62,973	
	ii) 1/12 of the sum of cash and bank balances & call and short term deposits at the end of each month of the year of account not exceeding in the aggregate 1/4th of the expenditure on the following	13,828	
			13,46,503.
(1)	distribution and sale of energy	32,374	
(2)	rent, rates and taxes other than taxes on income and profits	[illegible]	
(3)	interest on security deposits	1,815	
(4)	legal charges	211	
(5)	bad debts	101	
(6)	auditor's fees	1,741	
(7)	management including Managing Agent's remuneration as provided for in para XIII of the Sixth Schedule (Annexure I)	23,563	
(8)	other expenses admissible under the law for the time being in force in the assessment of Indian Income Tax and arising from and [illegible] supply	64,920	
(9)	contributions to Provident Fund, staff pension, gratuity and apprentice and other [illegible]		
	Total	1,24,695	
	1/4th of the above expenditure =	31,174.	
(1)	Amount written off or set aside on account of depreciation of fixed assets & amounts written off in respect of intangible before or after the commencement of the Electricity (Supply) Act, 1948		
(2)	Amount of loans advanced by the Board under para 1(2) of the First Schedule	(-) 2,03,442. (B)	
	Capital Base (A) - (B)		11,43,061

ANNEXURE III.

Statement showing the calculation of "Clear Profit".
(Para XVII (2) of the Sixth Schedule to the Electricity(Supply) Act ,1948).

	Rs.	Rs.	Rs.
(A) Income.			
1. Gross receipts from sale of energy (less discounts applicable thereby).		3,98,298	
2. Rental of meters and other apparatus hired to consumers.		9,721	
3. Sale and repair of lamps and apparatus.			
4. Rents less outgoings not provided for.		138	
5. Transfer fees.			
6. Investments, fixed and call deposits and bank balances.		197	
7. Other general receipts accountable in the assessment of Indian Income Tax and arising from and ancillary or incidental to the business of Electricity Supply.		3,149	
			4,11,503
(B) Expenditure incurred on :-			
1. Generation and Purchase of Energy.		1,88,378	
2. Distribution and sale of Energy.		32,374	
3. Rent, Rates and Taxes other than all taxes on income and profits.		1,815	
4. Interest on loans advanced by the Board under sub-para (2) of para 1 of the First Schedule.			
5. Interest on security deposits.		211	
6. Legal charges.		101	
7. Bad debts.			
8. Auditors' fees.		1,741	
9. Management including Managing Agents' Remuneration as provided for in para XIII		23,533	
10. Depreciation (excluding contribution towards arrears of depreciation) as per para VI of Sixth Schedule *		20,000	
11. Other expenses admissible under the law for the time being in force in the assessment of Indian Income-tax and arising from and ancillary or incidental to the business of Electricity Supply...		64,920	
12. Contributions to Provident Fund, staff pension gratuity and apprentice and other training schemes.			
Carried over			3,33,073.

"2" Brought forward 3,33,073

	Rs.	Rs.	Rs.
(C) Special Appropriations to cover-			
1. Previous losses (i.e. excess of expenditure over income) which have arisen from the business of Electricity Supply to the extent in any year actually appropriated for the purpose in the books of the undertaking.		Nil	
2. All taxes on income and profits.		Nil	
3. Instalments of written down amounts in respect of intangible assets and new Capital issue expenses to the extent in any year actually appropriated for the purpose provided that the amount so appropriated shall not exceed the amounts found by dividing the written down cost of such assets by the number of complete years remaining before the next option of purchase under the license arises.		Nil	
4. Contributions to the contingencies Reserve under para IV(i) of the Sixth Schedule.		2,703	
5. Contributions towards arrears of depreciation.			
6. Other special appropriations permitted by the State Government.			
			3,35,776

Total of (B + C) = Y 3,37,495

Clear Profit 411503 -335776 = (X - Y) 75,727.

* Note:- Provision for depreciation according to the compound interest method includes annual interest on the accumulated balances in the Depreciation Reserve(v of the Sixth Schedule).

ANNEXURE IV.

STATEMENT SHOWING " REASONABLE RETURN " (Para XVII(9)) OF THE SIXTH SCHEDULE TO THE ELECTRICITY (SUPPLY) ACT 1948).

	Rs.	Total Rs.
(a) 5 % on "Capital Base" (Annexure II) at the end of the year.	11,43,061	57,153
(b) Income from investment other than those ins tod from contingencies Reserve and Depreciation Reserve.		105
(c) 1/2 % on any loans advanced by the Board under para 1(2) of the First Schedule to the Electricity (Supply) Act, 1948.		
TOTAL		57,258

Clear Profit 75,727
Reasonable Return 57,258
18,469

ANNEXURE V.

STATEMENT SHOWING APPROPRIATION OF EXCESS OF "CLEAR PROFIT " OVER " REASONABLE RETURN"?

(Para II(i) of the Sixth Schedule to the Electricity (Supply) Act, 1948.

	Rs.	Rs.
Amount of the excess of "Clear Profit" over "Reasonable Return".	18,469	
(1) 1/3 of the excess not exceeding 7½ % of the amount of "reasonable return" to be at the disposal of the undertaking.		4,294- 0-0
(2) 1/2 of the balance after allowing for (1) above to be transferred to "Tariffs and Dividends Control Reserve".		7,087- 8-0
(3) Remaining half to be distributed in the form of a proportional rebate to consumers or carried forward in the accounts of the undertaking for distributing to consumers in future with the sanction of the State Government		7,087- 8-0
	8,469	18,469- 0-0

ANNEXURE IV.

STATEMENT SHOWING " REASONABLE RETURN " (Para XVII(9)) OF THE SIXTH SCHEDULE TO THE ELECTRICITY (SUPPLY)ACT 1948)~~X~~.

	Rs.	Total Rs.
(a)5 % on "Capital Base" (Annexure II). at the end of the year.	11,43,061	57,153
(b)Income from investment other than those interest from contingencies Reserve and Depreciation Reserve.		105
(c)1/2 % on any loans advanced by the Board under para 1(2) of the First Schedule to the Electricity (Supply) Act,1948.		
TOTAL		57,258

Clear Profit : 75,727
Reasonable Return : 57,258
18,469

ANNEXURE V.

STATEMENT SHOWING APPROPRIATION OF EXCESS OF "CLEAR PROFIT " OVER " REASONABLE RETURN"~~X~~

(Para II(i) of the Sixth Schedule to the Electricity (Supply) ~~Act~~ Act,1948.

	~~Rs~~ Rs.	Rs.
Amount of the excess of "Clear Profit" over "Reasonable Return".	18,469	
(1)1/3 of the excess not exceeding 7½ % of the amount of "reasonable return" to be at the disposal of the undertaking.		4,294- 0-0
(2)1/2 of the balance after allowing for (1) above to be transferred to "Tariffs and Dividends Control Reserve".		7,087- 8-0
(3)Remaining half to be distributed in the form of a proportional rebate to consumers or carried forward in the accounts of the undertaking for distributing to consumers in future with the sanction of the State Government		7,087- 8-0
18,469		18,469- 0-0

For the year ending 31st March 19[illegible]
60.

1-Statement of Share Capital appropriated for the purposes of the undertaking authorised by the above mentioned license

Description of Capital	Authorised by	Number of shares issued	Nominal amount of share	Called up per share	Total paid up	Issued not paid up	Remaining unissued	Total amount authorised
[illegible] Co.(Bel)	[illegible] Company.							
[illegible] Cumulative - [illegible] 10/- each fully paid up in cash.			Rs.100/-each.	Rs.112/-each.				
[illegible] - Ordinary [illegible] of Rs.10/- each fully paid up in cash.			Rs. 10/-each.	Rs. 10/-each.	Rs.37,800/-			Rs.37,800/-

The Amalgamated Electricity Co. (Belgaum) Ltd.
or Consolidated Electric Agencies Ltd. Managing

Managing

For the 3 year ending 31st March 19[illegible]

1–Statement of Share Capital appropriated for the purposes of the undertaking authorised by the above mentioned license

Description of Capital	Authorised by	Number of shares Issued	Nominal amount of share	Called up per share	Total paid up	Issued not paid up	Remaining unissued	Total amount authorised
[illegible]	[illegible]							
[illegible]			Rs. 10/- each	Rs. 10/- each	Rs. 12,27,000/-			Rs. 12,27,000/-
[illegible]			Rs. 10/- each	Rs. 10/- each				

The Amalgamated Electricity Co. (Belgaum) Ltd.
Consolidated Electric Agencies Ltd. Managing

Managing

[illegible] ELECTRIC CO.(BEL) LTD. BELGIAN BRANCH

For the [illegible] LICENCE.

Statement of Loan Capital appropriated for the purposes of the undertaking authorised by the above mentioned licence

Description of Loan	Amount borrowed		Remaining borrowing powers	Total amount of borrowing powers
	at percent	Total		
[illegible]	Loan £ 15,[illegible]-17-9	Fr. 70,261- 1- 0	[illegible]	[illegible]

Total Shares Capital Paid up Sec. No. I. Fr. 12,37,500- 2- 0
" Loan " borrowed Sec. No. II. Fr. 70,261- 1- 0
Total Capital Received. Fr. [illegible]-07,761- - 0

The Amalgamated Electricity Co. (Belgium) Ltd.
For Consolidated Electric Agencies Ltd. Managing Ag[illegible]

Managing Dire[illegible]

THE AMALGAMATED ELECTRICITY CO.(BEL.) LTD. ANNUAL RETURN

For the year ending 31st MARCH 1932.

II–Statement of Loan Capital appropriated for the purposes of the undertaking horised by the above mentioned license

Description of Loan	Amount borrowed at percent	Amount borrowed Total	Remaining borrowing powe	Total amount of borrowing powers
NIL	Rs. 56,139- 0-0 Loan Rs. 15,062-15-0	Rs. 70,201- 1- 0		NIL

Total Shares Capital Paid up Sec. No. I. Rs. 12,77,900- 0- 0
" Loan " borrowed Sec. No. II. Rs. 70,201- 1- 0
otal Capital Received. Rs. 13,07,701- 1- 0

The Amalgamated Electricity Co. (Belgaum) Ltd.
For Consolidated Electric Agencies Ltd. Managing Agen

Managing Direct

V-Net Revenue Account

Statement for the year ending 31st March 19

Dr. *Cr.*

1. To Interest on debentures accrued due to date			1. By Balance from last account		1,[illegible]-1-0
2. ,, Interest on mortgages and bonds accrued due to date			Less dividend paid		
			,, Amount carried to	= 63,334-11-0	
			Less Reserve fund now [illegible] paid.	= 16,337-2-0	= 77,[illegible]-1-0
					[illegible]-0-0
3. ,, Interest on loans accrued due to date ... [illegible]		3,631-4-3	2. By Balance brought from revenue account (No. IV.)		72,[illegible]-2-3
4. ,, Dividend on preference stocks ...			3 By Interest on money at deposit ...		10[illegible]-2-0
5. ,, Income-tax paid .. [illegible] charge.		10,[illegible]-2-0			
6. ,, Balance applicable to dividend on ordinary stock or shares ... ... [illegible]		1,10,631-4-11	* for Agents commission for the year 1942/43.		
		1,12,[illegible]-1-0.			1,12,[illegible]-1-0

The Amalgamated Electricity Co. (Belgium) Ltd.
For Consolidated Electric Agencies Ltd. Managing Agents.

Managing Director.

THE AMALGAMATED ELECTRICITY CO.(BEL) LTD. BELGAUM BRANCH.
BELGAUM ELECTRIC LICENSE.

VI Reserve Fund Account.

Statement for the year ending 31st March 19

Dr.			*Cr.*		
1. Amount paid out (Items to be specified) ...		NIL.	1. By Balance brought from last account ...		
			2. Amount brought from nett revenue account	2,703- 0- 0.	
			3. Interest ~~and profit on sale~~ (Description of investments to be specified)	350- 0- 0.	3,053- 0- 0
			of Tricar & Meters.		
2. Amount of balance to next account		35,682-13- 0.	4. General Reserve.		
			Amount transferred from Depreciation Fund a/c (No. VII).		20,333- 0- 0.
			5. Development: (Service line charges received during the year).		12,296-13- 0.
		35,682-13-0.			35,682-13- 0.

Amalgamated Electricity Co. (Belgaum) Ltd.
and Electric Supply Co. Ltd. Managing Agents.

CAJ. 87

CH. BELGAUM.

A-Generation.

1. To Fuel ...		
2. „ Oil, waste, water, etc ...	1,16,681-13-0	
3. „ Proportion of salaries of engineers, etc,	19,922-12-0	
4. „ Wages & gratuities ...		
5. „ Repairs and maintenance as follows ...	38,575-12-6.	
Buildings ...		
Plant ...	241- 0-5.	
6. „ Special items (to be specified) ...	11,956- 5-0.	
		1,88,377-10-11.

B-Distribution & Sale of energy.

1. To Proportion of salaries of engineers, superintendents, and officers ...		
2. „ Wages & gratuities ...	10,257-3-0.	
3. „ Repairs, maintenance & renewals of mains		
4. „ Repairs, maintenance & renewals of transformers etc.	9,968- 5-9.	
5. „ Repairs, maintenance and renewals of meters etc.		
	4,671-13-0.	
Expenses pertaining to to sale of energy.	67,916-12-5	
		92,814- 2-2.
		2,81,191-13-1.

Carried forward

Carried forward

1. By sale of energy for lighting purposes ...		2,12,203- 3- 1.
2. „ Sale of energy for power purposes ...		86,953-13-11.
3. „ Sale of energy under special contracts, ...		76,962- 1- 6.
4. „ Public lighting		22,179- 4- 9.
5. „ Rental of meters & other apparatus on consumers' permises		9,721- 3- 3.
6. „ Rents receivable		138- 0- 0.
7. „ Transfer fees		1,567- 0- 0.
8. „ Service connections **Fees.** ...		1,582- 5- 3.
9. „ Miscellaneous receipts		
10. „ Other items (to be specified)		

For Consolidated Electric Agencies Ltd. Managing Agents.

Managing Director.

THE AMALGAMATED ELECTRICITY CO (BEL) LTD. BELGA — CH. BELGAUM ELECTRIC LICENSE.

IV-Revenue Account-Contd.

Statement for the year ending 31st March 19 50.

Dr.			*Cr.*	
Brought forward		3,16,005-7-1.	Brought Forward	4,11,306-15- 9.
G-Depreciation.				
1. To Depreciation in respect of leasehold works.				
2. „ Depreciation in respect of buildings ...	653- 0-0			
3. „ Depreciation on plant	6,006- 0-0			
4. „ Depreciation on mains & Services. ...	7,485- 0-0			
5. „ Depreciation on transformers etc. ...	279- 0- 0			
6. „ Depreciation on meters	2,031- 0- 0			
7. „ Depreciation on general stores ...				
„ Depreciation in respect of any other items.				
8. " Motorcar & Bicycles.	1,953- 0-0			
9. " Misc. Plant & Machinery.	1,057- 0-0			
10." Furniture & Fixtures.	536- 0-0			
		20,000- 0-0		
H-Special Charges.				
1. To cost of service connections ...				
2. „ other items (to be specified) ...				
" Contingency Reserve.	2,703- 0-0			
		2,703-0- 0		
Total expenditure		3,38,708-7- 1		
Balance carried to net revenue		72,598-8-8		
		4,11,306-15- 9.		4,11,306-15- 9.

The Amalgamated Electricity Co. (Belgaum) Ltd.
For Consolidated Electric Agencies Ltd. Managing Agents.

Managing Director.

97

THE AMALGAMATED ELECTRICITY CO.(BEL) LTD. BELGAUM BRANCH. BELGAUM ELECTRIC LIGHT &.

VII-Depreciation Fund Account

Statement for the year ending 31st March 19

Dr. 50. *Cr.*

To amount written off		1,724- 0- 0.	By Balance from last account ...	1,98,867-15- 1.
„ balance ...			„ Interest on investements ...	10,302- 0- 0.
xxxx Amount transferred to General Reserve.		20,333- 0- 0	„ Amount brought from revenue account (See No. IV-G.).	1,85,165-15- 1. / 20,000- 0- 0.
Balance.		1,83,108-15- 1.	(Description of investments to be specified.)	
		2,05,165-15- 1.		2,05,165-15- 1.

The Amalgamated Electricity Co. (Belgaum) Ltd.
For Consolidated Electric Agencies Ltd. Managing Agents.

C.A.J.

THE AM[illegible] D ELECTRICITY CO.(BEL) LTD. BELGAUM BRANCH.

BELGAUM ELECTRIC LIC[illegible].

VIII-General Balance Sheet.

Statement for the year ending 31st March 19 50.

Dr. *Cr.*

Liabilities.		Assets.	
1. To Capital account: amount received as per Account No. III	12,97,761-1- 0.	1. By Capital account: amount expended for works as per Account No. III	13,53,171- 1- 6.
2. To Sundry creditors due on construction of plant and machinery, fuel, stores etc.	11,804-5- 2.	2. By Stores on hand	2,10,253- 1- 6.
3 To Sundry creditors on open accounts	1,61,021-4-10.	3. By Sundry Debtors	3,57,767- 3- 2.
4. To Net revenue account: balance at credit thereof ...	1,19,401-4-11.	4. By Preliminary expenses awaiting adjustment ...	-
5. To Reserve fund account: balance at credit thereof ...	38,632-13- 0.	5. By Securities as held (cost price)	5,018-12- 0
6. To Depreciation fund account	1,83,108-15- 1.	6 By Special items (to be specified)	
7. To Special items (to be specified)		a Advances.	25,376- 9- 0.
		" Prepaid Expences.	3,613- 2- 0.
* Not pertaining to Licensee's undertaking.	64,812- 0- 0.	" Interest accured on Investments.	23- 2- 0.
		By Cash at Bankers	13,024- 9- 5.
		" " on hand	233- 4- 1.
Total	18,73,592-12- 8.	Total	18,73,592-12- 8.

* Note: Shown in B/S for the sake of balancing it.

The Amalgamated Electricity Co. (Belgaum) Ltd.
For Consolidated Electric Agencies Ltd. Managing Agents.

THE AMALGAMATED ELECTRICITY CO.(BELGIUM) LTD. BELGIUM D'AJ-CI.

BELGIUM ELECTRIC LICENCE.

IX Energy Generated Sold etc.

Statement for the year ending 31st March 19 50.

Total energy generated in Kilowatt hours.	Kilowatts-Hours sold.					Kilowatt hours used on orks.	Kilowatt hours not accounted for	Total Kilowatt hours accounted for	Kilowatt connected for public lamps.	Total consumers connected	Total Kilowatts connected	Plant installed Kilowatts	Maximum Supply demanded in Kilowatts.
	Public Lamps	By special contract	Consumers By meter for lighting purposes	Consumers by meter for power purposes.	Total								
1	2	3	4	5	6	7	8	9	10	11	12	13	14
2102380	69110	417131	516140	730624	1732941	253658	116781	1732941	31.969	2732	2559.635	900	600

CAT.

57

STATEMENT FORM.

1.	Company, etc.	THE AMALGAMATED ELECTRICITY CO.(BEL) LTD. BELGAUM B
2.	Account for year ending.	31st MARCH, 1950.
3.	Year of working	XVII
4.	Motive power.	Diesel Engines.
5.	Total capital expenditure at end of year (*not* Capital of company).	13,58,171- 1- 6.
6.	Revenue from electric supply.	3,98,298- 7- 3.
7.	Revenue from meter rents and other sources (including interest on investments, if any).	13,205- 1- 0.
8.	Total working costs excluding depreciation (column 11) but including income tax from net revenue account.	3,16,005- 7- 1.
9.	Gross profit before providing for interest, depreciation or reserve (columns 6 *plus* 7-8).	95,498- 1- 2.
10.	Interest (on debentures and loans) and special charges.	6,334- 4- 3.
11.	Depreciation and reserve (for the year). Writing off preliminary expenses included.	20,000- 0- 0.
12.	Ditto per cent on column 5.	1.47
13.	Financial result (col 9-10 *plus* 11).	69,163-12-11
14.	Ditto per cent on Column 5.	5.09
15.	Units generated.	2,10,23,52
16.	Units sold.	17,32,941

COSTS IN ANNAS PER UNIT GENERATED.

17.	Fuel. Rs. 1,16,681-13-0.	0.89
18.	Oil, waste, water, engine room stores, etc. Rs.19,922-12-0.	0.15
19.	Wages and salaries excluding management (generation, distribution and public lamps together). Rs.53,334-6-6.	0.41
20.	Repairs and maintenance (generation, distribution and public lamp renewals when charge on contract rate for current includes renewals). Rs.30,812-12-2.	0.23
21.	Rent, rates and taxes. Rs. 1,814-15-0.	0.01
22.	(*a*) Management, Director's fees, office allowance, salaries (other than in column 19), office and legal expenses. Rs. 93,438-12-5.	0.71
	(*b*) Incidental and overhead charges (other than capital charges), e.g. depreciation, insurance, income-tax, interest, etc., which cannot properly be included under any of the heads 17 to 21 and 22 (*a*). Rs. 26,334-4-3.	0.21
	Note:-All working costs should go under one of these heads, but not capital charges.	
23.	Total working costs (cols. 17 to 22 added.) Rs. 3,42,339-11-4.	2.61

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-A/240/5895

Office of the Accountant General,
Bombay, dated 27/8/57

m

The ACCOUNTANT GENERAL, BOMBAY.

The SECRETARY TO THE GOVERNMENT OF BOMBAY,
Public Works Department, Bombay.

Subject- Report on the audit of the annual stateme
of accounts of the Belgaum Elec. Supply C. Ltd
for the year ended 31-3-50.

53

11-13

I am to forward herewith the audit report and the annual
tements of accounts of the Belgaum Elec. Supply Co Ltd P1
the year ended 31-3-50 P3 5 5-7 P7 17 P12 1 P11
P1 4(i), 5(ii); 7(b); 8(b)(i); 9(b), 10; 11(ii)(iv); 14; 15(b) and 19(ii)

Extract of paragraphs of the
ort may please be forwarded to the Management for information
necessary action.

P13

Special attention is invited to paragraphs 19 (i)
the report.

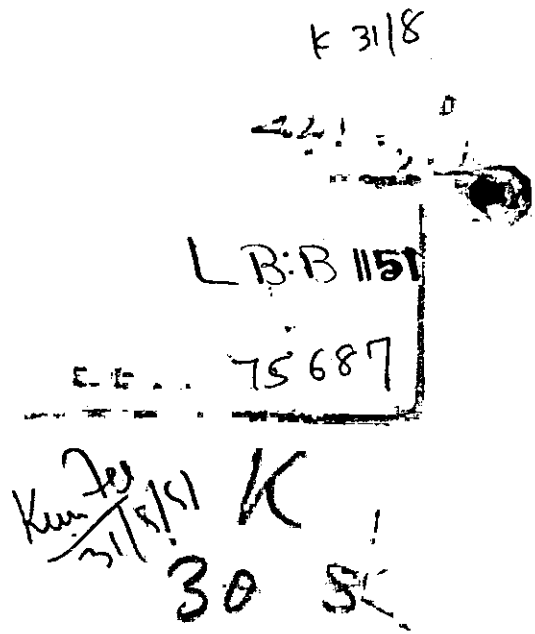
Yours faithfully,

B. P. K...

Asstt Examiner, Outside Audit,
Accountant General's Office, Bombay.

O.A/240/.
Copy together with a copy of the Audit Report forwarded to-

1. The Electrical Engineer to the Government of Bombay, Bombay.
2. The Senior Auditor (Mr. YK Biwalkar) with a set of accounts.


K 3118
LBB 1151
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LBB 1151/8440.

Very Urgent

No.LBB 1151 K.

Public Works Department,
Bombay Castle (Bombay No.1),
16 February 1952.

To

M/s. The Amalgamated Ely.Coy.(Belgaum),Ltd.,
(Belgaum Branch),
17-B, Elphinstone Circle, Fort,
Bombay 1.

Subject:- Accounts for the year ended the 31-3-1950.

Dear Sirs,

I am directed to forward herewith for information and necy. action extract paras.4(i), 5(ii), 7(b),8(b)(i), 9(b), 10, 11(ii) and ~~(iv)~~, 14, 15(b) and 19(ii) of the audit report of your undertaking for the year ended the 31-3-1950.

2. It is seen from the accounts that you have calculated depreciation on Misc.Plant & Machinery on the basis of 20 years life. It was noticed that depreciation was also calculated on misc.tools and implements which were included under the above head. As 'Misc.Plant & Machinery' is not an item specified in the table appended to the Seventh Schedule to the Ely.(Supply)Act,1948, you are requested to furnish at an early date details of the item 'Misc.Plant & Machinery' to verify if the assets in question fall under one of the categories specified in the table appended to the Seventh Schedule.

3. It is also seen from the accounts of your undertaking that the clear profit for the year has exceeded the amount of reasonable return by more than 30% of the reasonable return. In accordance with para.1 of the Sixth Schedule to the Ely.(Supply)Act,1948, you are reqd. to adjust the rates for supply of energy by periodical revision so that the clear profit in any year shall not as far as possible exceed the amount of reasonable return. I am, therefore, to request you to revise your rates for supply of energy

without .....

58

without any further delay, under intimation to Government.

Yours faithfully,

A. A. S.

D.A.-Extract paras.
referred to.

Copy for information to -

the A.G., Bombay (with ref. to his letter No.OA/240/5895, dated the 27-8-51), ✓ 55

the El. Engr. to Govt. (with refce. to his No.LA.12/12265, dt. the 28-1-52). ✓ 3 N/s

15/2/52.

BVC.15/2/5[redacted]

Issue pp 57-58
16/2/52

Issued with D-A
20-2-52

Asst Lt 20-3-52
21/2/52

5P

THE AMALGAMATED ELECTRICITY CO.(BEL) LTD.
BELGAUM BRANCH.

LIST OF MISC. TOOLS AND IMPLEMENT IN STOCK AS AT 31ST MARCH,1950.

Date.	Particulars.	Quantity.	Cost.
2-3-1932	Stop Watch.	1 Pc.	Rs. 25-10-0
10-9-32	Gas Thread dues, 1½" x 3".	1 Set.	115- 0-0
-do-	Pipe Vice 3".	1 Pc.	42- 0-0
25-9-32.	Iron weights.	1 Set.	39- 6-0
-do-	Seal Pliers.	4 Pcs.	48- 0-0
-do-	Bench Vices.	3 "	69-15-0
29-9-32.	G.T.D. TAPS & DYES ¼"/½"/1/16"/ ¼", ¼"/1".	1 set.	133-10-3
6-10-32	Ratchets.	2 Pcs.	35- 4-0
30-4-33.	Instrument box.	1 "	224-12-9.
19-7-33.	Earth Augur.	1 "	63- 0-0
19-1-34.	Crankshaft alignment Indicator.	1 "	111-15-0.
1-4-34.	Pulleys.	10 "	68- 7-9.
5-5-34.	Flexible tube for crude oil.	1 "	101- 0-0.
12-7-34.	Mycrometer.	1 "	13- 0-0.
25-8-34.	Slide Guage.	1 "	22- 4-0.
1-2-35.	Reamer.	1 "	12-14-0.
June 36.	Taps & Dyds 6,8,10,12,16 & 20m.	1 Set.	58- 0-0.
Aug.37.	Ladder for storage tanks.	1 Pc.	33-12-0.
-do-	Table scale.	1 "	31-1- 6.
Mar. 38.	Meter tool set.	1 "	57-9-0.
-do-	Wire draw tongue.	2 "	30-15-6.
-do-	Double headed spanner.	1 "	13- 6-0.
-do-	Conduit pipe dies.	1 "	18- 6-6.
-do-	First aid box.	1 "	35-13- 0.
June 40.	Virax die set ¼" x ¾"	1 "	18- 7-0.
Mar. 41	Socket. wrench with handle.	2 "	34-14-0.
-do-	Tap & Die set.	1 Set	240- 0-0.
Apr.42	Draw Vice.	1 Pc.	15-12- 9.
July 42.	Virax die set 5/8"	1 Set.	17- 2-0.
Apr. 43.	Steel letter A to Z	1 "	15-13- 0.
June 43.	"Coley" thermometer 80F to 220 F.	1 Pc.	62-12- 0.
July 43.	Steel number punches 0 to 9.	1 Set.	14-10- 0.
Nov.44.	Washer cutter.	1 Pc.	10- 4- 0.
-do-	Emery wheel 14" x 2" rough.	1 "	92- 0- 0.
-do-	-do- Medium.	1 "	91-15- 6.
Feb.45.	Glamet lamp protector.	1 Set.	87-7-9.
do-	Liner remover for 5th set.	1 Pc.	13-15- 9.
Mar.45	Jangal wood boxes 5' x 2'x 10" x 18", 5'x3' x 3½'.	2 "	56-15- 0.
Oct. 45.	Taps whith worth 3/8"	1 "	15- 6- 0.
d-o-	-do- 3/16"	1 "	14-14- 0.
Dec.45.	Spanner set 8 mm to 22 mm.	1 "	10- 0- 0.
Jan. 46.	G.T.D. Little Joint stock & die (Gas threaded ¼"-1")	1 "	204- 4- 0.
Mar. 46.	Themic high speed portable grinder.	1 "	276-12- 0.
-do-	Expanded reamer 17/32" to 19/32".	1 "	70- 0- 0.
-do-	Expanded reamers 19/32 -21/32".	1 "	70- 0-0.
do-	Expanded reamers 21/32"	1 "	75- 0- 0.
May 46.	Four fold steel foot fule.	1 "	12-10- 0.
			Rs. 2925-15-0

Date.	Particulars.	Quantity.	Amount.
Aug.46	Chain wrench 6"	1 Pc.	Rs. 49-12- 0.
-do-	Pipe cutter 3"	1 "	53- 0- 0.
-do-	B.S.P. Threaded Tap ¼"	1 Set.	11- 1- 0.
-do-	Medicine Locker.	1 Pc.	65- 0- 0.
Oct. 46.	Elect. Pen with transformer 4-5V complete with Pin .	¼ Set.	55- 5- 0.
-do-	Flex. shaft out-fit 1/3 HP Motor complete with Pin .	1 Pc.	395- 2- 0.
Mar. 47.	Nail puller.	1 "	29- 8- 0.
Apr. 47.	Insulated plier.	3 "	37- 2- 0.
-do-	Wood punch 3/8" x ¾".	1 Set.	22-12- 0.
June 47.	Insulated pliers. 8"	1 Pc.	12- 6- 0.
-do-	Hand lamp.	1 "	20- 0- 0.
-do-	Exh. thermometer 200F to 1200F.	2 "	200- 0- 0.
Aug. 47.	Gallon measar 1 Gall.	2 "	21- 7- 0.
d-o-	Pipe wrench 18"	1 "	34- 7- 0.
d-o-	Copperbar 2"	20 Lbs.	73- 4- 0.
-do-	-do- 1 "	6-1/8 "	11-15- 0.
-do-	Filler guage 18" long.	1 Pc.	55- 7- 0.
-do-	-do- -do- 6"	1 Pc.	12- 2- 0.
Sept.47.	Exh.thermometer 200 to 1200 F	2 "	207-11- 0
d-o-	Piston stand (wooden)	1 "	35-15- 0
Oct.47.	Chemical thermometer 250 F	1 "	11-1-0.
Jan.48.	Box spanner.	1 "	19-10- 0.
-do-	Sprit level	1 "	190- 5- 0.
Feb. 48.	Manilla rope.	84 lbs.	108- 2- 0.
-do-	Measuring tape 50'	1 Pc.	20-15- 0.
-do-	-do- 100'	1 "	23- 2- 0.
Feb. 48.	Double ended spanner 1" to 1/8"	3 Pc.	18- 0. 0
Mar.48.	Blow lamp of 2 pint capacity.	1 "	54-13- 0.
d-o-	Hand lamp.	1 "	20- 0- 0.
May. 48.	Insulated plier 8"	1 "	11-12- 0.
June 48.	Pipe wrench 14"	1 "	20-12- 0.
-do-	Screw spanner 15"	1 "	18- 0- 0.
-do-	Blow lamp optimus (1Pint capacity).	1 "	42- 1- 0.
July 48.	Rain coats.	6"	158- 1- 0.
Aug. 48.	Non insulated plier 10"	2 "	20- 9- 0.
Oct. 48.	Insulated plier 8"	1 "	11-12- 0.
Nov. 48.	-do- -do- -do-	1 "	11-13- 0.
-do-	Thermometer 0 to 200 F.	3 "	417- 5- 0.
Jan. 49.	Hand Lamp.	1 "	20- 0- 0.
-do-	Tong test ammeter.	1 "	115- 1- 0.
-do-	Insulated plier 10"	1 "	19- 1- 0.
-do-	Ghamala 1½' Dia x 6" dip of 1/8"	2 Pc.	33-10- 0.
Feb. 49.	Insulated plier 10"	1 Pc.	19- 1- 0.
March. 49.	Hand drill machine.	1 "	19- 4- 0-
Apr. 49.	Copper bar 2" for hammer.	8¾ lbs.	33-2- 0.
May. 49.	Insulated pliers 10"	2 Pc.	38- 3- 0.
June. 49.	Bamboo ladders.	7 "	72-14- 0.
-do-	Manilla rope 1"	88 lbs.	35-10- 0.
July 49.	Rain coats.	10 Pcs.	169- 9- 0.
Aug. 49.	Gardening scissor.	1 Pc.	12-10- 0.
-do-	Morris pully block with chain 10' ½ ton.	1 "	204- 5- 0.
Sept. 49-	Borosilicate glass thermometer 0/1000 F one in wooden case and one in nickle case.	2 "	185- 4- 0.
Oct. 49.	Torch of 3 cell.	1 "	15- 8- 0.
-do-	Measure tape of 25'	1 "	16- 4- 0.
-do-	K.W.H. METER 3x110V 5 Amps No.13753680.	1 "	115-0-0.
d-o-	Load Indicator.	1	180-12-0.
-do-	Grease gum.	1	12-14-0.

Date	Particulars.	Quantity	Amount.
Dec. 49.	Godrej Locks.	2 Pc.	10-12- 0.
Jan. 50	Hand drill machine.	1 "	19- 4- 0.
Feb. 50.	Insulated Pliers. 10"	1 "	19- 1- 0.
-do-	Emery grinding wheel rough 10" x 1"	1 "	28- 3- 0.
-do-	Reamer (3/16"x¼"x3/8"x9/16) 1/8" to ¾" No.8,6,4, & 2.	1 Set.	29-10- 0.
-do-	Godrej lock.	1 Pc.	9- 0- 0
Mar.50.	Ratchet. 6"	1 "	27- 4- 0
-do-	Insulated Pliers 10"	1 "	19- 2- 0
-do-	3 cell torch.	1 "	15- 7- 0
-do-	Godrej Lock.	11 "	86-12- 0
			264-7-0

CAJ.

Summary. Page. I 2925-15-0
II 3899-5-0
III 264-7-0.

7089-11-0

65

THE AMALGAMATED ELECTRICITY CO.(BEL) LTD.

BELGAUM BRANCH.

LIST OF MISC. PLANT & MACHINERY AS AT 31ST MARCH, 1950.

S.No.	Date.	Particulars.	Quantity	Amount.
1.	2-9-32	Anvil	1 Pc.	Rs. 25- 0- 0.
2.	3-11-32	R. S. Beams(Used on anvil).	1 "	11- 3- 0.
3.	10-9-32	Forge Blower.	1 "	100- 0- 0.
4.	9-3-33.	Test Pump for nozzle body.	1 "	335- 0- 0.
6.	-do-	Fire Extinguisher.	1 "	55- 0- 0.
7.	26-9-32.	Mycrs Pump.	1 "	220- 0- 0.
8.	8-10-32.	Rotary Pumps.	3 "	78- 0- 0.
9.	19-10-32.	Emery grinding machines(One machine with two Emery Grinders).	2"	85- 4- 0.
10.	Oct.36.	Energy Grinding machine.	1 "	11-10- 0.
11.	21-12-32.	American Ladder.	1 "	280- 0- 0.
12.	-do-	Trolley.	1 "	85- 0- 0.
13.	2- 3-33.	Evershed Magger.	1 "	544- 0- 0.
14.	28-9-32.	Drilling machine 1/8" to 1"	1 "	310- 0- 0.
15.	3-11-33.	Tong Test Instrument.	1 "	197- 9- 0.
16.	30-12-33.	Lathe 4½'	1 "	804- 0- 0.
17.	26-7-34.	True Dog check.	1 "	88- 8- 0.
18.	11-10-34.	Evershed volt meter recording graph.	1 "	499- 0- 0.
19.	24-5-34.	Hopkings centrifugal oil purifier machine with .33 H.P. Motor.	1 "	923- 0- 0.
20.	17-4-36.	Spare units for tong test.	1 "	16- 8- 0.
21.	June 35.	Star Delta Starter.	1 "	34- 2- 3
22.	July 35.	6.5 HP Ganze motor with pump set No.161650.	1 "	487-12- 7.
23.	Sept.35.	Crude oil meters.	3 "	518-10- 0.
24.	2-5-36.	Wolf electric blower.	1 "	155-13- 6.
25.	Mar.37.	Drilling machine.	1 "	63-12- 6.
26.	May 1937.	3 HP Bareshaft motor No.K-3016.	1 "	75-12- 3.
27.	-do-	Face Plate.	1 "	81-15- 6.
28.	Aug.37.	Hand dran cart.	1 "	50-12-3.
29.	May 38.	-do-	1 "	74-11-3
30.	Sept.37.	Siemens 1 HP Motor 4270310 with dymamp set.	1 "	72-14- 6.

C/P 6235-4-7

67

No.	Date	Particulars.	Quantity.	Amount.
				B/F 6235-4-7
31.	Sept.37.	Plat form scale.	1 Pc.	Rs. 186- 3- 0.
32.	Nov.37.	Piping of 2 HP Motor on Pump.		39- 7- 5.
33.	Feb. 38.	Centrifugal pump with 5 HP Siemens motor No.4921416.	1 "	628- 8- 9.
34.	-do-	Electric forge blower. 104-2-3. Wiring of above. 29-2-6.		133- 4- 9.
35.	-do-	I.C.T.P. SWITCH 500/30 in P.Room.	1 "	10- 2- 3.
36.	Mar.38.	Wiring of 3 HP spray pump Motor on well.		13- 5- 0.
37.	-do-	Wiring o foil heater in the F.Room.		3- 6- 0.
38.	-do-	A.E.G.2HP Motor No.3078733.	1 "	84- 4- 6.
39.	-do-	Covering for compressor motor.		5-11- 6.
40.	June 40.	Filter tank with set of 2 Heaters.		276- 3- 0.
41.	20-9-38	20 Amps portable ammeter AC & DC	1 "	103- 9- 3.
42.	-do-	Equipment current supply for feeding telephone.	1 "	83- 5- 0.
43.	-do-	Portable transformer of 110-230 & 380 V. Single Ph.	1 "	138-14- 0.
44.	Jan.39.	Fox oil cleaner with wiring.	1 "	604- 1- 0.
45.	-do-	Brass showers.	2 "	60- 0- 0.
46.	Aug. 39.	Rotary Pump.	1 "	18- 0- 0.
47.	July 40.	Asea Motor 6 HP No.730515 M.K.E.1214 4 KW 2860 RPM.	1 "	198- 4- 0.
48.	-do-	Kirloskar centrifugual pump 2½"	1 "	49- 0- 0.
49.	Nov.40.	Filter pipe connection.		5- 7- 3
50.	Aug.41	Felt filter with G.I.Netting cover.	1 "	39- 4- 9.
66.	Sept.41 Feb.42	Elin Motor of 2 HP No.15815 with belt cover.	1 Pc.	76-10-3
67.	May 42.	Semirotary Hand Pump 1½"	1 "	14-15- 6.
68.	Aug.42.	Simson 4 HP Pumping set No.487031.	1 Set.	270- 0- 6.
				Rs.
	Oct.42.	Semirotary hand pump No.o.	1 Pc.	15- 0- 0.
	Aug. 43.	Felt filter with cover.	1 "	63- 5- 0.
77.	Mar.43.	F-40 Lub. oil filter apparatus (Fram filters) to set No.4.	9 "	916- 2- 3.
78.	Apr. 44.	"Scotts" 5 HP Motor No. 33541 with 3" Contrifugal pump.	1 "	519- 2- 3.
79.	Oct.45.	Nigo's filter machine complete.	1 "	1151-13- 0.
80.	Jan.46.	-do- -do- -do-	1 "	1027- 4- 0.
81.	Mar.46.	"Shimoga" Lathe No.2 8'-10",	1 "	4482- 0- 0.
82.	June 46.	Immerson Heater 4 K.W.	1 "	192- 0- 0.
83.	Aug. 46.	Independent lathe chuck 18"	1 "	351-12- 0.
84.	-do-	True chuck 9"	1 "	241-10- 0.
85.	Dec. 46.	Semirotary hand pump.	1 "	12- 0- 0.
86.	June 47.	Automemota starter for P.Motor.	1 "	130- 9- 0.
87.	Aug.47.	BTH 3 HP Motor No.K-3514.	1 "	317-12- 0.
88.	Dec.47.	Rotary hand pump ½" for over flow crude oils in engine room.	4 "	129- 2- 0.
92.	June 48.	Power rotary pump.	1 "	176- 7- 0,
93.	-do-	Greaves cotton & Crompton parkinson 1.5 HP Motor 710 RPM 3 PH 50 cycles 400-440 V 2.8Amps star M/C No.HBLDB.	1 "	485- 6- 0.
94.	-do-	"Vokes " Filter.	1 "	899-15- 0.
95.	Aug.48.	Starters (For crude oil pump M.	2 "	157-14- 0.
96.	Oct.48.	1½" Gyynnes coment type centrifugal having 2" suction x 1½" delivery branckes No.79591.	1 "	415- 2- 0.
97.	Nov.48.	Starter (for crude oil Pump Motor)	1."	26-7-0.
98.	Dec.48.	5 HP Sq.cage Motor No.27900 with 4" Pully.	1 "	281- 6- 0. 4-15- 0.
99.	Apr.49.	Monoblock centrifugal pump 4" complete with 7½ HP Motor 400/440V.	1 set.	1423- 0- 0.
100.	May49.	I.C.T.P. Switch 500 V 15A	1 Pc.	21- 6- 0.
101	-do-	Star delta starter.	1 "	26- 8- 0.
102.	June 49.	Stremline 0.37 lubricating oil filter complete.	1 Set.	4541- 7- 0.
103.	Oct.49.	Kalyan D.F.Mill Complete with AC ½ HP Motor Mill No.B-237.	1 "	773- 8- 0.
104.	Mar. 50.	M.E.M. T.P.Switch 500V/50A.	1 Pc.	39- 8- 0.

THE AMALGAMATED ELECTRICITY CO., (BELGAUM), LTD.
Managing Agents:—THE CONSOLIDATED ELECTRIC AGENCIES LTD.

BELGAUM BRANCH.

Tele. Add. "CONELECTRO"
Telephone No. 32889 (Two Lines.)

P. O. Box No. 879.
17b, Elphinstone Circle, Fort,
BOMBAY,

Ref. AMAL/BEL/G/2/52

26th March, 19 52.

The Asst. Secretary to the Govt. of Bombay,
Public Works Department,
BOMBAY:

Dear Sir,

Ref: Your letter No. LBB 1151K of 16th Feb.1952.
Re: Accounts for the year ended 31st March, 1950.

With reference to your above letter, we have to state as follow:

Statement No.III: Capital account:

(i) The expenses pertaining to Hiring Installations are not debited to Undertakings account.

(ii) Premium on shares is capital receipts though the same does not carry Dividend. It does not pertain to the Undertaking as the very structure of the two ~~accounts~~ The Indian Electricity Act of 1910 and The Electricity (Supply) Act 1948 considers only the Assets and not the Liabilities of the Company. Neither the capital nor the premium is the liability of the undertaking, as when the undertaking would be taken by Govt. or the board or any body elase for the matter of that these liabilities would not be taken over. The company, nor the undertaking, has to meet this liabilities. Having regard to various items mentioned in Clause XVII of the VI Schedule no item mentioned therein covers these receipts. In fact references to capital are not relevant and the amending bill ppopose to delate all such fact references.

Statement No.IV: Working Expenses: The nature of expenses are mostly in connection with distribution and sale of energy and do not belong to management expenses as described in Revenue Accout items under Head Management expenses in statement No.IV, do not confirm to the classification contained in the VI Schedule.

Office Allowance of Managing Agents: There is no staff in the office of the Managing Agents. The expenses debited as head office expenses, are the proportionate expenses incurred for respective company's registered office at Bombay. The Chief accounts are maintained in Bombay by the company of various companies. The Bombay office runs in the name of the Jalgaon Electric Supply Co. Ltd., for all different licences run under common manggement and therefore expenses incurred are being proportionately divided amount differene Licencee's accounts. The Managing Agents are differenent for the Amalgamated Electricity Co.(Bel) Ltd., and the Jalgaon Electric S. Co. Ltd., Thus the salaries and allowances debited to respective licenses are not pertaining to Managing Agents office, who also pay a proportionate part of the expenditure for the servides rendered

Contd.

to their work and hence no adjustment is necessary.

9. Ordinary Remuneration of Managing Agents:

(b) We have not received the details as per Annextures 1(a), & (b) as to how have you arrived to Rs.21,425/- as against Rs. 21,612/-. On receiving the same we shall revert to the subject matter.

(10) Depreciation: The amount of Rs.20,000/- provided during the year is as per status-quo arrangment sanctioned by the Government. Depreciation provided during the year 1948-49 was Rs.16,800/- and after considering the depreciation on additions for the year 1948-49 we have provided Rs.20,000/- although the depreciation as per Act comes to Rs.24,524/-. The difference was due to figures of Plants taken into consideration after deducting old depreciation.

As regards crediting excess of depreciation upto 31-3-49 transferred to General Reserve. Formerly depreciation fund was credited to meet general contingencies and amounts were contributed from year to year as the profits permitted and no depreciation tariff of any kind was actually followed, and now under the obligation of the Act we have to provide as per tables appended in VII Schedule. Under the circumstances the excess provision prior to the commencement of the Act was transferred to General Reserve which was the proper a/c to which the balance of the Fund belonged.

III: The Life of Misc. Plant & Machinery is 20 years as per VII Schedule. As regards the Misc. Tools included under the above items we are enclosing herewith the detailed list as desired. These items were included in the above list before the commencement of the Act. And accordingly depreciation was calculated. Now we have separated these items since the commencement of the Act and we are not charging depreciation over these items.

Re: Misc. Tools of Rs.7,089/11/: We are deleting these items from the Misc. Plant & Machinery and are including them in Loose Tools. Depreciation accured on these items will be taken out separately and henceforth no depreciation will be charged onn these items.

V: Adjustment will be done during the current year.

11: Calculation of Capital Base and Reserve Fund a/c: We shall follow accordingly.

14: Reasonable Return: There are no details of your calculation and as we have surplus as explained above. We cannot transfer any amount to Reserve as mentioned in your above letter.

Re: General Reamrks: Average stores balance of Rs.2,00,000/- are inclusive of Rs.78,830/- of spare parts of the Generating Plant above required for emergency purposes for replacement at any time. The remaining balance of Rs.1,20,000/- is equally justified looking to the monthly consumption of Rs.30,000/-.

We hope you will find the above in order.

Yours truly,

The Amalgamated Electricity Co., (Belgaum) Ltd.,
For Consolidated Electric Agencies Ltd., Managing Agents,

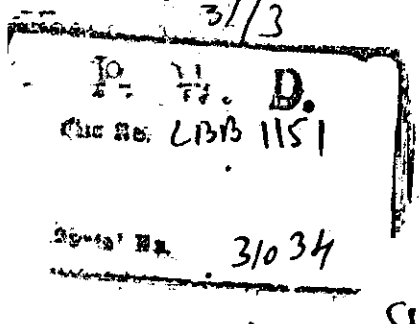
Managing Director.

C.A.J.
Encl: List of Misc Tools + Implements
& List of Misc Plant + Machinery.

see N/S

K 31/3

31/3



Shelves

K

Shelf
31/3

31-3-52

No. LBB 1157 K 73

I. O. D.
D.C. (B'bay No. 1)
15th December 1952

To

M/s The Amalgamated Elg. Co. (Belgaum) Ltd.
(Belgaum Branch)
17-B. Elphinstone Circle, Fort,
Bombay 1.

Subject: Accounts for the year ended
31-3-1950

Sirs,

I am directed to refer to your No. AA. 69-71 No AMAL/BEL/A/2/52 letter dt the 26/28 March 1952, on the subject mentioned above and to observe as under:

Para 4 (ii) of the audit report: Premium on shares: Premium on shares represent capital receipts which are incidental to the issue of share capital. Just as share capital is shown on the credit side of the capital account it is necessary to show the premium of shares in the capital account. Govt. are fully aware that premium on shares is not a liability of the company or licensee. The question, however, involved is one of exhibition of a particular item in the accounts and hence your references are irrelevant to the issue. You are, therefore, requested to show the premium on shares in the capital account till the amending bill referred to by you, in reply to this para comes into force.

Para 5 (ii) of the audit report: Working expenses: The items of expenses refd to in this para are mostly management and general establishment charges and as such these items should have been shown under 'E' Management Expenses. I have also

to draw your attention to the fact that there is no provision under "B Distribution" to show these charges. Your action in opening a new sub-head 'Expenses pertaining to the sale of energy' without prior approval of Govt. is irregular. You are, therefore, requested to show these items under 'E Management' and also to treat it as Management vide para XVII (2)(b)(ix) of Sixth Schedule for purpose of operating expenditure clear profit etc.

Para 7(b) of the audit report: Your reply to this para has not been received. You are, therefore, requested to submit your reply immediately.

Para 9(a) 'Ordinary remuneration of Managing Agents' & para 14 'Reasonable Return' of the audit reports:-

In this connection I am to forward herewith copies of Annexures I to V and paras 8(a), 9(a) & 11(i)(ii) for your guidance. You are also requested to recover the excess amount from the Managing Agents and provide for reserves mentioned in para 14.

Para 10(b)(i) of the audit report: Depreciation:

In reply to this para you have stated that formerly depreciation fund was credited to meet general contingencies and such amounts were contributed from year to year as profits permitted. In this connection I have to state that whatever may have been the procedure followed in the previous years the depreciation fund has to be regulated with reference to the Electricity (Supply) Act 1948. You will find that para VI(1) of the Sixth Schedule clearly states that depreciation ~~already provided in the books~~ should be charged after taking into account the depreciation already provided in the books. It is therefore, clear that the amount already built up in the depreciation fund account is not to be transferred but should be taken into account in arriving at the

7) at the depreciation to be provided in future years. You are, therefore, requested to credit to the Depreciation fund account the amount of Rs. 20333/- which you have transferred to Reserve Fund.

Para 10(b)(iii) of the audit report: depreciation:

The life of Misc. Plant & Machinery, assigned, for the period of 20 years, by you has been approved by the Govt under item D of the table appended to the Seventh Schedule of the Ely. (Supply) Act 1948.

Para 10(b)(iv) and para 15(b) of the audit report:

Your reply in respect of these paras is awaited.

Para 19(i)(ii) of the audit report: General remarks:

(i) You have not taken any action to reduce the rates ~~thereafter~~. You are, therefore, requested to take necessary action in the matter without any further delay. (ii) As regards to this para I am to state that your explanation in justification of the stores of huge value held by you has been accepted. You have, however, not replied to Sub-para 2. You are requested to show items of stores pertaining to activities other than electricity business seperately in the accounts.

Yours faithfully,

D.A: paras & Annexures refd to.

Asst Sect. etc.
P. W. D.

Copy for information to —
the examiner, O. A. D., A. G's Office, Bombay. (with ref to his no OA/1940 dt the 14th may 1952.)
the Sl. Engr to Govt. (with ref. to his no LA 12/12437 dt the 4th Dec 1952)

12/12/52

ISSUED
16/12/52
Date.....

Audit (16-1-53)
16/1

Secy Pc ...2
22-1

K. Biz.

LBB 1151/116257
P. W. D.

The Supply Co credited under No LBD 1157K.
dt. the 28th January 1953

27/1/53

ABB
28/1

28/1

Audit (1-3-53)
30/1

Supdt-
ISSUED
28/1

77

Telegrams: "CONELECTRO"

Telephones: 32880-32889.

The Amalgamated Electricity Co., (Belgaum) Limited.

BELGAUM BRANCH.

Managing Agents:

THE CONSOLIDATED ELECTRIC AGENCIES LTD.

Controlling Power Stations:-

AJMER · BELGAUM · BULSAR · BHIWANDI · BHUSAWAL · CHALISGAON · DOHAD · JALGAON · MALEGAON

Post Box No. 879, 17-B, HORNIMAN CIRCLE,
FORT, BOMBAY.

Ref. AMAL/BEL/G/2/53

20th February, 1953.

The Assistant Secretary to the Government of Bombay,
Public Works Department,
BOMBAY:

Dear Sir,

M 73-75

Ref: Your letter No.LBB 1151K of 15th December;1952.
Re: Accounts for the year ended 31st March,1950 of our Belgaum Branch.

With reference to your above letter, we have to state as under:-

Para 4(ii): The receipts on account of premium on issue of shares are not pertaining to Licensee and it is not a part and parcel of share capital and as such the exibition of this item in the statement of capital account would not be in order.

Para 5(ii): The expenses pertain to "Distribution and Sale of energy". Salaries and wages are for the staff maintained at station for keeping consumers' records etc. Expenses on printing and stationery are incurred for keeping records of consumers' accounts etc. Expenses for postage and telephone are also for carrying on correspondence at the station. General charges are for the uniforms of the Power House staff, office peons etc. It will be found from the above that the expenses referred to by you are incurred for"Distribution and sale of energy" which is quite in confirmity with the provisions of clause XVII (2) b(ii) of the Sixth schedule to the Electricity (Supply) Act, 1948.

Para 7(b): There is no such stores for sales specially and hence the same need not be taken out from the stock list.

Para 9(a): Ordinary Remuneration of Mg. Agents: While going through the copies of Annextures in connection with the above, we find that a sum of Rs.2997/- on account of fruits and sweets and Rs.3420/- for interest on loan have been reduced from the operating expenditure for the purpose of office allowance, but we have to state that the item for fruits and sweets pertains to sale of energy and is covered under clause 17-2(b) (ii). Distribution and sale of energy as we are required to spend some amounts on entertainment to promote the business of Electricity and item of interest is an expenditure and it has been accounted under clause 17(2) (b)XI and under the circumstances office allowance arrived at by us is in order.

Contd.

79

(9) As regards ordinary remuneration we have to state that figures arrived at by us were shown to the auditor, however, we give below the calculations for your reference.

Income as per Profit & Loss a/c:	4,15,559-14-0.	
Less: Profit on sale of Refrigerators.	906-11-9.	
	4,14,653- 2-3	
Add: Income-tax on interest on investment.	44- 8-6	
	4,14,697-10-9.	
Less: Expenses as per Profit & Loss a/c:		
Generation expenses.	1,88,377-10-11	
Distribution and sale of energy.	94,050-12- 5	
Contribution to Gratuity scheme.	7,436-.0- 0	
Director's fees.	400- 0- 0	
Audit fees.	1,741- 0- 0	
Rent,Rates & Taxes.	1,814-15- 0	
Legal expenses.	101- 0- 0	
Interest.	3,631- 4- 3	
Office allowance.	15,115- 0- 0	
Depreciation.	20,0376-0- 0	
	3,33,043-10- 7	81,654-0-2
		@10% Rs.8165-0

Para 10(b) (i): As regards the transfer of excess of depreciation to General Rserve, we have to state that the amount of depreciation accrued as per schedule 6(i) of the Electricity (Supply) Act 1948, has been set aside and the excess provision of Rs.20,333/- as permitted by the profits in previous years has been transferred to General Reserve. The Act regulates the working of the future years from the date of commencement and not that of the past.

Para 10(b) IV and Para 15(b):We have done the needful in respect of para 10(b) IV and hereafter we shall do the needful in respect of para 15(b)

Para 11.Calculation of capital base: On going through the details of capital base arrived at by you we find that you have excluded Rs.2,69,082/- being consideration for transfer of the vendor companies of their rights,titles and interest in the agreement with the Government, Railways and Municipalities, which is not a goodwill. Goodwill is different from ~~provisional~~ preliminary expenditure. The above expenditure has fairly arisen in providing the business of Electricity and hence the said amount has been taken under the heading "Intangible Asset". Excess of amount of Rs.20,333/- transferred to General Reserve cannot be excluded as explained. As regards difference of Rs.120/- on account of our taking the balance of the last month and your allowing on average basis, is negligible for the purpose of reasonable returns. However, we assure you that hereafter the average monthly balances shall be taken.

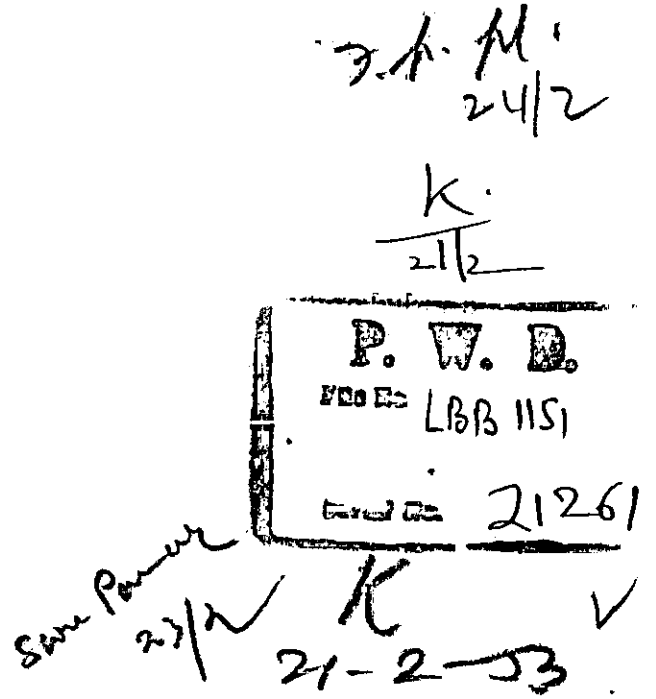
Para 19 (i): Clear profit does not exceed the limits prescribed in the sixth schedule of the Electricity (Supply) Act,1948 and as such we cannot reduce the rates as suggested by you. We hope the above information and explanations will be found satisfactory.

Yours truly,

The Amalgamated Electricity Co., (Belgaum) Ltd.,
For Consolidated Electric Agencies Ltd., Managing Agents,

Managing Director.

CAJ.


P. W. D.
LBB 1151
21261

Letter. 81

O. W. 8.

B.C. C'bay No. 1

NO. LBB 1151K.

25th February 1953

To

The Examiner, Outside Audit Deptt,
Bombay

Subject: Accounts of the Belgaum Elg. Undertaking for the year ended 31-3-1950

Ref L. C. No. LBB 1151K, dt. the 15-12-1952. Pfs. 73-75

2. Enclosed copy of letter No. AMAL/BEL/A/253, dt. the 20th Feb. 1953, from the Mg. Director, the Amalgamated Elg. Co. (Belgaum) Ltd., Belgaum Branch, is forwarded to you for favour of ~~your~~ remarks which should be submitted to Govt. through the El. Engr. to Govt. Pfs. 77-79

By order etc.

Asst. Secy. etc.
O.W.D.

O.A.: Copy of letter Pfs. 77-79

Copy with a copy of the Supply Co's letter refd. to above forwarded to the El. Engr. to Govt in continuation of L. C. No. LBB 1151K, dt. the 15-12-1952. Pfs. 73-75

2. The El. Engr. should forward his remarks in the matter on receipt of the remarks from the C.O.A.

ISSUED
with corrig
26-2-53
185

24/2/53.

Steno Pawar
3/3

9/3/53

Asstt 26/2

for

K. Br.

P. W. D.

The E. O. A. D. expedited under G. M. No. LBB 1151/K, dt the 4th April 1953.

2/4/53

4/4

ISSUED 4-4-53

Supdt.

Asstt (Gen-53)

6/4

Reply to be addressed to-

THE EXAMINER, OUTSIDE AUDIT DEPARTMENT.
Branch Office of The Accountant General, Bombay,
Universal Assurance Building, 4th Floor,
Sir P. M. Road, BOMBAY No. 1

No.OA/[illegible]54

To Asstt. Secy. to the Govt. of Bombay,
Public Works Department, Bombay.

:- Accounts of Belgaum Elec. Supply Co.Ltd. for the year ended 31.3.50.

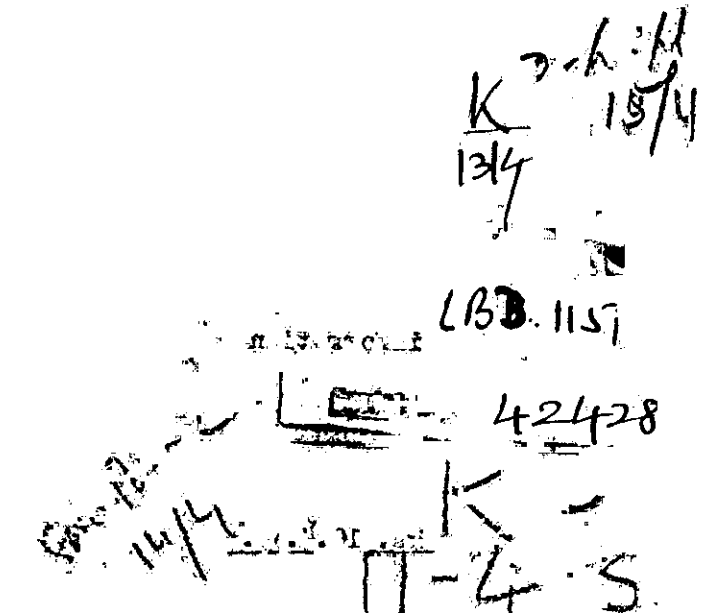
Ref:- G.Memo LBD 1151 K dt. 4.4.53.

The remarks of this office on G.L.P.W.D.LB.B 1151K dt. [illegible] have been incorporated in para 2 of the Audit Report on the accounts of Belgaum Elec. Supply Undertaking for the year ended 31.3.52 vide this office No.OA/BEL/21837 dt. 28.3.53.

Asstt. Examiner, Outside Audit,

Copy to Electrical Engineer to the Govt. of Bombay for information

ks. 10.4.53.



85

No. LA.12/ 1348 of 1953.
P.W.D.Offices, Churchgate Street,
Fort, Bombay(1) 2nd April 1953
May

To

The Chief Engineer, (Roads and Buildings)
Public Works Department, Bombay.

Subject:- Accounts of the Belgaum Electric Supply Co Ltd., for the year ended 31st March 1950.

Reference: Letter No. A.83 O.A./C/155 dated the 10th April 1953, from the Examiner, Outside Audit Department, Bombay, addressed to the Assistant Secretary to Government, Public Work Department, Bombay.

2. In view of the remarks of the Examiner, Outside Audit Department, in his letter mentioned above, I have no remarks to offer.

Electrical Engineer to Govt.

P/28/4.